

SESSION II.
1923.
NEW ZEALAND.

LANDS AND SURVEY DEPARTMENT.

SOLDIER SETTLEMENT.

PART I.—SUMMARIES OF REPORTS OF INQUIRY BOARDS.

PART II.—REMARKS AND RECOMMENDATIONS BY THE
UNDER-SECRETARY FOR LANDS.

Presented to both Houses of the General Assembly by Command of His Excellency.

SIR,—

Office of the Minister of Lands,
Wellington, 21st July, 1923.

I forward, for your information and consideration, the accompanying summaries of reports of the Soldier Settlements Inquiry Boards, together with remarks and recommendations of the Under-Secretary for Lands.

I have, &c.,
W. NOSWORTHY,
For Minister of Lands.

The Right Hon. W. F. Massey, P.C., Prime Minister and Minister of Finance.

RIGHT HON. W. F. MASSEY, P.C., MINISTER OF FINANCE.

HON. D. H. GUTHRIE, MINISTER OF LANDS.

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PART I.

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Department of Lands and Survey,
Wellington, 14th July, 1923.

SIR,—

Reports of Inquiry Boards, Discharged Soldiers Settlement Act.

I have the honour to return herewith the reports of the various Inquiry Boards, and attach a general summary of the same, as desired by you.

I have, &c.,

J. B. THOMPSON,

Under-Secretary for Lands.

The Hon. Minister of Lands, Wellington.

CIRCULAR LETTER FROM MINISTER OF LANDS TO SOLDIER SETTLERS.

Office of the Minister of Lands, Wellington,, 1922.

DEAR SIR,—

Board of Inquiry—Soldier Settlements.

You are doubtless aware that the Government has decided to set up a Board of Inquiry to investigate and report generally upon the present position of soldier farms.

If you so desire you may place your position before the said Board, and the enclosed form, which is submitted for your use, enables you to supply concisely particulars regarding your holding, stock, financial position, general prospects, &c.

Should you desire to approach the Board, I would advise you to complete the form and post it as early as possible to the Commissioner of Crown Lands.

The itinerary of the Board will be arranged at a later date, and will be duly advertised. I might mention that the onus of supplying information regarding your farm to the Inquiry Board rests with you.

Yours faithfully,

D. H. GUTHRIE,

Minister of Lands.

CIRCULAR ORDER OF REFERENCE TO INQUIRY BOARDS.

Appointment to Board of Inquiry.

I,, Minister of Lands, hereby appoint to be a Board of Inquiry for the Land District of to inspect the soldier settlements—namely, Crown and settlement land—held under lease from the Crown, and farms held under freehold or other title mortgaged to the Crown under the provisions of section 2 of the Discharged Soldiers Settlement Amendment Act, 1917, and in respect thereto to inquire into and report upon—

- (1.) Generally your opinion of soldier settlements in the said land district.
- (2.) The percentage of soldier farms in the said land district where it is considered the farming operations have been unsuccessful.
- (3.) The percentage of failures (permanent or temporary) due to each of the following causes :—
 - (a.) Unsuitability of subdivision, sections being either too small or too large, or not in keeping with the configuration of the country :
 - (b.) Excessive rent or high price paid for land :
 - (c.) Inexperience of farmer, wrong methods of farming, or unsuitability of stock :
 - (d.) Insufficient working-capital, or the undeveloped or neglected state of the land :
 - (e.) High prices ruling for stock at the time of purchase, and subsequent slump, resulting in low prices for produce and stock :
 - (f.) High cost of building, fencing-material, implements, seeds, and manure at the time of purchase or selection :
 - (g.) Any other reason.
- (4.) The percentage of farms at present unprofitably occupied you consider would be successful under normal conditions and good management.
- (5.) What action should be taken in regard to—
 - (a.) Those settlers who have proved themselves capable, industrious, and faithful in the observance of their obligations so far as their resources permitted :
 - (b.) Those settlers who have failed to make the most of their opportunities.
- (6.) What form of assistance (if any), financial or otherwise, should be afforded soldier settlers by the Government.

And you are hereby authorized to conduct any inquiries under these presents at such times and places as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and to take evidence from such persons as you think capable of affording you information as to the matters aforesaid.

And, using all due diligence, you are required to complete the report for the..... Land District not later than twenty-eighth day of February, one thousand nine hundred and twenty-three.

Upon completion of the report, which shall be addressed to the Minister of Lands, you shall hand same to the Chairman of the Land Board for the.....Land District, and on a date to be agreed upon you will meet the Land Board for the said district for the purpose of discussing your report. The Chairman of the Land Board shall then submit the report, together with the Land Board's views, to the Under-Secretary for Lands, for transmission to the Minister of Lands.

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose, save to me in pursuance of these presents or by my direction, the contents or purport of any report so made or to be made by you.

And I hereby appoint.....to be Chairman of the said Board.

Given under my hand, this.....day of....., 1922.

Minister of Lands.

PERSONNEL OF INQUIRY BOARDS.

The following is the personnel of the Boards of Inquiry set up to investigate and report generally upon the position of soldier farms :—

North Auckland—

Edwin Harding (Chairman), Dargaville, run-holder.

Edward Morgan, May's Road, Onehunga, valuer.

Auckland—

John McCaw (Chairman), Hamilton, retired farmer.

Joseph Batty, Patumahoe, farmer.

Hawke's Bay—

John Henry Joll (Chairman), Havelock North, farmer.

John Murray, Woodville, farmer.

Taranaki—

Edward Walter (Chairman), Douglas, farmer.

Charles Dickie, Waverley, farmer.

Wellington—

Alexander Stuart (Chairman), Runnymede, Marton, farmer.

Francis Alexander Cameron, Hastings, land-valuer.

David Craig (part of time), Wanganui, farmer.

Marlborough—

Frank Leslie Murray (Chairman), Hillersden, farmer.

Charles John Nees, Okaramio, farmer.

Nelson—

Frederick Craven Batchelor (Chairman), Motueka, farmer.

Arthur Rutland Edwards, Motueka, farmer.

Westland—

Pryce Hamer (Chairman), Totara Flat, farmer.

George A. Perry, Hokitika, merchant.

Canterbury—

Robert Latter (Chairman), Barry's Bay, farmer.

Thomas Lawson Hart, Timaru, retired farmer.

Otago—

Robert Alexander Rodger (Chairman), Tapanui, farmer.

Thomas Carruthers, Middlemarch, farmer.

Southland—

James Milne (Chairman), Rakahouka, farmer.

James Lilico, "Northope," Lochiel, farm-manager.

INSTRUCTIONS TO ALL COMMISSIONERS' OF CROWN LANDS.

The Hon. the Minister of Lands has directed that every soldier settler is to be given an opportunity of approaching the Board of Inquiry, and the attached forms "A" have been drawn up so as to enable settlers to give a full statement regarding their land, stock, returns, finances, prospects, &c.

You will observe that Form A has been printed on different-coloured paper (one form to be sent to the holders of farms under section 2 of the Discharged Soldiers Settlement Act, 1917, and the other to holders of Crown and settlement-land farms). You will please send these forms to all soldier settlers under cover of the attached letter from the Hon. the Minister of Lands. These forms should be despatched at an early date.

Forms "B" have also been prepared to show particulars of each holding and the settler's financial position with the Department. Such forms are also prepared on different-coloured paper (one form for farms under section 2 of the Discharged Soldiers Settlement Act and the other for Crown and settlement-land farms). A supply of these forms is being forwarded to you, and it will be necessary to have the same completed as soon as possible and made available for the information of the Board of Inquiry.

As the majority of the mortgage ledgers for the Dominion are kept in alphabetical order, it is considered that the latter forms should be kept in such order until the replies on Form A are received from the soldiers. It would then be a simple matter to attach all replies to Form B, and the whole of the forms should be shuffled into geographical order prior to the Board taking up its duties. This is, however, merely a suggestion, and if you can make more suitable arrangements you are at liberty to do so.

You will be supplied with a copy of the order of reference later, and in the meantime you will treat this matter as far as possible in a confidential manner.

J. B. THOMPSON, Under-Secretary.

PART I.

GENERAL OPINION OF INQUIRY BOARDS ON SOLDIER SETTLEMENTS IN THE
VARIOUS LAND DISTRICTS.

NORTH AUCKLAND LAND DISTRICT.

Acting upon the authority contained in your memorandum of the 24th October, 1922, appointing a Board of Inquiry for the North Auckland Land District to inquire into the position of discharged soldier settlers, early in November, 1922, we entered on our duties. We have proceeded with due diligence since that time to make the necessary investigations, and have now the honour to present our report.

Our operations have been practically limited to those settlers who made application by sending in a statement of position as provided in Form A. During the course of our inquiry we inspected about 364 farms, and conferred with the settlers concerned. It is to be regretted that when the "A" forms were issued a final date was not stated at which applications must be returned if consideration was to be given.

In estimating the effort put forth by the settlers since taking possession the Board found it desirable to have official information as to the condition of the properties when taken over by the Crown.

Generally speaking, we found the information supplied by the settlers on Form A to be incomplete and of little service, and in conversation it transpired that few of them understood the nature of the information asked, or its object.

We find that, on the whole, the soldier settlers are facing their problems cheerfully, working well, in some cases very strenuously, with a determination to succeed, and with confidence that the Government will not fail them. These comments apply equally to soldiers' wives, many of whom, though accustomed to city life, have adapted themselves successfully to the new conditions with commendable courage.

One general condition serves to explain the failure of many settlers to pay their way during the first years. A great proportion of the properties purchased were in the condition expressed by the term "gone back," and were not capable of carrying sufficient stock to meet instalments until the pastures had been renovated and manured. Much of the land, having been felled bush, has exhausted its original fertility, and to artificially renew its carrying-capacity has absorbed all the reserve the settlers had. Although most of them are now able to pay their way on present production, they are unable to pay off the arrears which accumulated during the years of low productivity.

With regard to the several clauses set down on your memorandum of instructions, we find—

Generally our Opinion of Soldier Settlements in the said Land District.—The Board assumes that these settlements were established with the objects of—(a) Providing the means whereby discharged soldiers could make homes and become self-supporting; (b) extension of settlement and greater development of the State's resources; (c) facilitating a continuance of social intercourse among former comrades; and that to attain these objects the position should be such that under normal conditions and with fair management the soldiers should pay their way and maintain a fair standard of comfort. We are of the opinion that the attainment of these objects has been, in a number of cases, greatly retarded by faulty subdivision and unsuitable areas, this causing certain settlers to hold land in excess of their requirements, which they are unable to develop, and which increases their annual charges.

We find that the short-dated term for the payment for buildings has handicapped them in their effort to succeed, and on this matter certain recommendations will be made.

There are some few sections for which no applications have been received, and which are a source of anxiety to adjoining soldier settlers and a menace to the district by harbouring noxious weeds and rabbits. We recommend that consideration be given to the importance of having these occupied, and to the advisability of leasing them for a term of years free of rent, upon strict improvement conditions.

AUCKLAND LAND DISTRICT.

Summary.

The Inquiry Board considers that, while admitting that the Government had a very arduous and difficult task in providing land for soldiers, yet in many cases too high a price was paid for the land, and in other instances land unsuitable for close settlement has been acquired. Regarding lands under section 2, it is considered that in many cases the price was too high, and that the Government has been misled by parties employed as experts.

The slump in butterfat and general produce, together with the inflated prices of farm requisites on top of high prices for land, does not leave much chance for many of the settlers to pull through, unless substantial relief is now given. Owing to the slump and peak prices the Government advances on current account are considered inadequate.

The prices of bush land are considered reasonable, but the settlers thereon have been hard hit by the slump in cattle. Cattle are essential for breaking in bush land and rendering it fit to run sheep on, and it is sheep-farming that this class of land is best suited for.

Dairying on bush farms has been carried out under difficulties, and if the Government could see its way to provide further financial assistance on current account it is believed that most of these settlers would "make good." Attention is drawn to the want of telephone facilities and the linking-up of all the unmetalled portions of roads.

The great majority of soldier settlers are a good class. Most of the unsuitable settlers have been weeded out, and it is only a matter of time when the remaining few will give place to better men.

Attention is drawn to the rabbit pest and recommendations made regarding provision for wire netting.

Ragwort is stated to be spreading to a large extent in some localities.

Suggestions are made for filling the settlers' requirements more expeditiously, for closer supervision, and the employment of more Rangers.

Consider recommendations of the Board should be given early effect to.

The Board adds that after careful consideration it is of the opinion that fully 80 per cent. of the men who have been interviewed and whose farms have been inspected will "make good" provided the necessary assistance and guidance are given.

Extended Report.

Farming Lands.—After having been over these farms we have come to the conclusion, whilst admitting that the Government had a very arduous and difficult task to provide sufficient land for these returned soldiers, that in many cases too high a price has been paid for the land, and in some cases land totally unsuitable for close settlement has been acquired, notably Orongo, Hikuai, and Tahaia, and parts of the Hauraki lands, where the deep peat prevails, should not have been opened up for close settlement for some years to come.

Outside the special settlements, and coming to the lands acquired from private individuals during the time of inflated prices for butterfat and other farm-produce, we find that in many cases far too high prices have been given, and the Government has been misled by the parties who were employed as experts to settle the values.

When the slump came in butterfat and other farm-produce, and the inflated prices for all farm requisites, on the top of the high prices the settlers paid for the land, it did not leave much hope for them to pull through, unless they got very substantial deductions in the capital value of the land, and further financial assistance granted by the Government, if required.

Also, owing to the slump, and the peak prices for all farm material, the Government advances to the settlers for purchase of stock and material were totally inadequate, only going about half-way to meet the wants of the settlers; consequently, this has left the settlers short of means to carry on, and prevented them from carrying out many necessary improvements on their farms, and keeping their pastures in good order by top-dressing.

In many cases, it will be seen by the individual reports, we have recommended more financial assistance to be granted, especially for better water-supply, manure for top-dressing, also grass-seed and fencing-wire. Each case has been taken on its merits, and no recommendation for assistance has been made unless we considered the settler was worthy of it.

Bush Lands.—Going outside of the farming lands and coming to the settlers on the bush lands, we find that they have come on to the land, generally speaking, at reasonable prices. Like the settlers on the farming-lands, they have been hard hit by the slump in cattle, which has left them short of means to carry out more improvements and getting more land into grass. Cattle are essential for bringing in the bush land, and rendering it fit to run sheep on successfully, and it is sheep-farming that this land is best suited for.

The same applies to these bush settlers as to the farm-land settlers, as regards the advances for purchase of stock, &c. Many of the settlers have to resort to dairying as a means of getting bread-and-butter, as few of them have enough bush felled and grassed to carry a sufficient number of sheep to make a living and pay rent, interest, and rates; but the dairying on most of the holdings is carried out under great difficulties, owing to the steep nature of the country, and the climbing about amongst bogs makes it impossible to get any great returns from it. If the Government could see its way to grant these settlers further financial assistance to fell, grass, and fence, and so help them over the present stress, we believe the most of these settlers would "make good" in time.

On one settlement, the Ongarue Loan Settlement, the settlers are "on a good wicket," owing to having good commercial timber on their sections, and we understand that a syndicate intends putting in a sawmill in the near future, and the royalties coming to the settlers will put them into a good financial position, making the most of them independent of any Government assistance.

As far as we have gone, the Ngaroma Settlement is the most back-lying, and a considerable distance from railway communication, and there is also great need for better telephone facilities and the linking-up of all the unmetalled portions of roads. Meantime portions of the road are out of the question for wheel traffic.

Roads.—Generally speaking, there has been a lot of money spent in opening up the lands, but there is still a good deal to be done in giving some of the settlers a proper outlet.

Class of Settlers.—The great majority are a good class of settler. A good number of the "slackers" have been weeded out. There are still a few of the latter, but it is only a matter of time when they will have to go out and make room for better men.

We consider it would be good policy on the part of the Government to grant, to those settlers who are trying their best, financial assistance to help them over the stress, and so prevent them having to go out and get worse men in their places.

We would like to say here that we think it would have been good business to have put these men through a stricter examination as regards their qualifications for going on the land, before letting them have a section. It would have saved the Government a lot of trouble and, in the end, been better for the men.

Rabbits.—These pests are getting a strong hold on some of the country, and are difficult to cope with. Some of the settlers are likely to be ruined on this account, as grass, root crops, and any green feed put in is simply demolished by these pests. The worst situations are where the farms are bounded by Native or unoccupied Crown land. Doing their best, it is impossible for the settlers to keep the rabbits in check where so situated. Rabbit-proof wire netting is the only remedy, and it is

a great pity the Government did not take this matter up some time ago and lay in a stock of netting to supply the settlers, at a little over cost price, and so save the situation.

Some of the County Councils are alive to the benefit of wire netting, and the Otorohanga County Council has been supplying settlers in that county, at reasonable rates, and a great many of the settlers have been taking advantage of this. Getting the netting through the County Councils is a good way of distributing it; and if the Government could see its way to work in with the public bodies, by granting a loan for the purchase of netting, it would be the best way of dealing with this matter. There is no doubt that the use of the netting would add greatly to the productiveness of the country; as it is a well-known fact that every ten rabbits are equal to one sheep.

Ragwort.—This is another pest that is spreading over a large tract of country, especially in the King-country, and is taking possession very fast. Many settlers are doing their best to keep it in check, but when they bound on Native or unoccupied Crown land the case is almost hopeless. Sheep put on it in the spring would help to check it, but this cannot always be carried out in practice. It is a difficult problem to deal with, and will require strong measures to cope with it.

Managing and Overseeing Soldiers' Farms.—On this head we would like to make some suggestions:—

(1.) That the head office for the South Auckland Land District for the management of soldiers' farms should be situated in Hamilton as being the most central and convenient for the working of these farms, and, as in the present case, the settlers would not have a long and expensive journey if they wished to interview the head office. Many of the settlers, if Hamilton was made the headquarters, could leave their homes in the morning and be able to get back the same day.

(2.) That there should be added to the office staff a good practical farmer, for this reason: it has been represented to us that orders from settlers for grass-seed and manure for top-dressing have gone down to head office early in the season, with a request for the order to be supplied so that the seed and manure could be sown at the proper time. In many cases, owing to want of farming knowledge on the part of the office staff, these orders are delayed too long, till the season is almost over for sowing. This is a great grievance, and loss to the settler and likewise to the Government. There are cases also where the inexperienced settler sends to the head office for seeds and makes mistakes as to the quantities of the different seeds in making up his grass mixture. If a farm expert were at hand in the office he would detect mistakes of this sort and put the matter right, and likely save money to the settler and the Government.

(3.) A good Supervisor would be necessary to control all the district Rangers.

(4.) We do not cast any reflections on the present Rangers, acting in their several districts, who, as far as we can judge, are good, tactful, practical men; but they have far too wide an area to get round, and cannot see the settlers often enough, which is satisfactory neither to themselves nor to the settlers; and we suggest that double the number of Rangers should be employed, all to be men of expert farming knowledge, tactful, and able to advise inexperienced settlers how to carry on farming operations in the best way: and these Rangers, if capable and responsible, should be fairly well remunerated.

(5.) Meantime, the settlers write to head office for any wants they require. Generally, the head office writes to the local Ranger for particulars, and time is wasted. We would suggest that such communications from settlers should go through their local Ranger, who could pass them on to head office, with his remarks, and so save time; and be much more satisfactory to the Ranger, who should be in touch with all matters in his particular area.

(6.) That there should be a special Department set up, outside the Lands and Survey Department, in charge of a Superintendent with a good practical knowledge of all kinds of farming, and of good business capacity, to run these soldier settlements and farms. The Government has a large sum of money at stake in this connection, and nothing less than careful and efficient management is absolutely necessary if matters are to be brought to a successful issue.

Having now given our recommendations in connection with each soldier settler, as set forth in individual reports, we consider that no time should be lost in adopting these, so as to give the settlers a chance to "make good." Many of the settlers are anxiously awaiting the verdict, and, if the matter is not settled soon, many of them will lose heart and walk out. We may further add, after careful consideration, that fully 80 per cent. of the men whom we have interviewed and inspected will "make good" provided the necessary assistance and guidance are given.

Finally, we may say that the values we have put on the land for dairy farms are based on butterfat at 1s. 3d. per pound, and for sheep-country at from £4 to £5 per sheep carried, according to the nature of the country and the state of the pastures; and the values are assessed on the producing-capacity of each farm; and, at the values put on, a farmer should be able to make a living and pay rent, interest, and rates and taxes.

HAWKE'S BAY LAND DISTRICT.

Summary.

The Inquiry Board considers that it is not so much the rents as the high prices they paid for stock, fencing, buildings, &c., as well as the slump, that crippled the settlers. Revaluation is not suggested, but a remission of one year's rent and interest and the postponement of two years' rent and interest for long periods recommended. Detailed information is given *re* dairy farms in several parts of the district, and arguments submitted to show that the prospects of the sheep-farmer are bright. Special attention drawn to the blackberry menace in certain parts of the district, and suggestions made for the payment of £1 for £1 subsidy for eradication. Land purchase Boards congratulated on the purchases in Hawke's Bay.

Generally the tone of the extended report is very optimistic and the Inquiry Board consider that if their recommendations are given effect to the returned-soldier problem will be solved.

Extended Report.

When starting out on our inspection the first thing we got the Supervisor or Ranger who accompanied us to do was to work out what every man's liability was per acre—rent, interest, rates, taxes, &c.—and this was pencilled on his form before we visited him. It turned out to be the wisest thing we could have done, for, strange to say, hardly one of them knew what he did pay—or at least professed so to us, which amounted to the same thing as far as we were concerned.

For instance, we would go to a man's farm and as soon as we met him he would commence on his tale of woe about fencing, scrub-cutting, bushfelling, or draining, whatever it might be, declaring the land was too dear at, say, 5s. per acre—if it were only 4s. or 4s. 6d. a man might be able to do something with it. After allowing him to talk himself out, we would produce his paper and say, "But your rent is only 4s. 6d. an acre"; which fact, of course, he would excitedly combat until proved, and then he would collapse. He was either wilfully or ignorantly ignoring the rebate. The job will be much easier for the next man who has to tackle them on this score.

Dairy Farms.—As Glengarry Settlement is the most-talked-of dairy proposition in the whole of this district, may we here put in our report on it, so that it can be taken as a basis for the whole dairy question. The great controversial subject in and around Dannevirke is the price paid for Glengarry, one section arguing it is too dear, another that it is fair, and another that it is unsuitable and never should have been bought at all.

We went to a deal of trouble interviewing leading men to get all these shades of opinion, purposely leaving our inspection of it till last in this district. Well, now, having been over every section on it carefully, we cannot say that we think it too dear, with exception perhaps of one section, that of Gilberts.

The land consists of heavy clay loam with clay, patches of gravel, and sandstone below. There is plenty of weight in it for the most part, but over a small area, and with exceptionally high wind and dry season, it has blown a little when ploughed. Before it can be called really satisfactory dairy country a lot of work needs to be put in on logging up, stumping, clearing of rushes, draining on some of the low-lying sections, ploughing or top-dressing for winter and summer fodder, and last, but not least, shelter-belts of trees, for some parts of it are very exposed to the westerlies.

One of the greatest handicaps to the men is the high cost of their dairy herds, and a 25 per cent. reduction needs to be made in this direction.

Cows generally are barely average, and it should be the aim of every settler to gradually improve his herds. This applies throughout the whole of the dairying district of Hawke's Bay. We have impressed this upon the settlers, pointing out that a cow producing less than 200 lb. of butterfat should be looked at sideways—indeed, substantially more should be aimed at. The settlers generally are a decent lot of men, seemingly anxious to make a do of their farms, and well worth keeping on them. They are mostly young and lacking in mature experience, but this can only come with time and the stability that age alone brings about.

The whole of the country, with few exceptions, is much understocked; indeed, feed is wasting almost everywhere. It is quite common to see 15 or 20 to 30 acres with not a hoof on it, and when the owner is asked why he will explain it is shut up for autumn feed. This is a mistaken policy, and shows lack of experience, for it must be apparent that once any fodder plant matures it dries up or rots, but if kept moderately grazed off, or mowed to prevent maturity, it will last much longer. Thus a paddock grazed off before the grass runs up to seed and matures will still go on growing, and provide far more succulent autumn feed if shut up for a few weeks before required. We explained this fully everywhere, and the explanation seemed to be thankfully received and readily grasped. They complain that they have no money in any case, so cannot get more cows. Be this as it may, more and better stock is required if the returns are to be obtained.

A few sheep almost everywhere is what is required, to follow the cows round and eat up the rubbish that the milkers leave, such as dandelion, ragwort, the head of Californian thistle, &c.; but before sheep can be efficiently employed more subdividing will need to be carried out.

Well now, let us assume that Glengarry is the poorest dairying proposition in the whole of this land district, and if so let us take it as the basis to work out the dairy proposition upon. In its present condition it is just about carrying one cow to 3 acres, plus young stock, pigs, and horses, and the average over-all rent per acre—that is, including rent, interest on loans, taxes, and insurance—is about £2 3s. 6d. Now, if the land will carry one cow plus young stock, &c., to 3 acres in its present condition, a very conservative estimate of what it will produce should be as follows:—

	£	s.	d.
One cow to 3 acres at £2 3s. 6d. costs over all	6	10	6
An ordinary cow should produce 200 lb. of butterfat, which, if taken at 1s. 6d. per pound, would amount to, per cow	15	0	0
Thirty-three cows to 100 acres, earning £15 per cow	495	0	0
By-products—One heifer calf to two cows at £2 each	33	0	0
One pig to three cows, say, 141 lb. at 4½d. per pound, £2 10s.	27	10	0
	555	10	0
Deduct over-all rent per acre at £2 3s. 6d.	217	10	0
Net	£338	0	0

Or, per cow, profit (net) £10 4s. 10d.; which must be considered a very fair margin considering that there is no house-rent, land-rent, or other outgoing but his living-expenses and what little (or much) he may want to expend on improving the farm, and run his milking-machines, if he has any. The great need is further subdivision, and more drastic culling of herds.

On the plains about Hastings and Clive a cow plus young stock, pigs, &c., cost up to £8 per acre, and they have to farm them to the last ditch at that; but cows are better quality and producing more in consequence.

In the Poverty Bay and East Coast districts, "Repongaere" should easily carry a cow to $2\frac{1}{2}$ acres. Average cost per acre over all (dairy portion), £2 15s. 6d.; cost per cow, plus calves and pigs, £6 18s. 9d. "Glencoe" should carry a cow to $1\frac{1}{2}$ acres. Average cost per acre over all, £4 17s. 3d.; cost per cow, plus pigs and calves, £6 16s. "Wharekaka" should carry a cow to $2\frac{1}{2}$ acres, and easily a cow to 2 acres when cleaned up. Average cost per acre over all, £2 8s. 8d.; cost per cow, plus pigs and calves, £6 1s. 8d.

A well-known gentleman at Tolago Bay told us that he paid £55 per acre for 30 acres in this vicinity. He is paying a man £4 per week to milk cows on it, and it is paying him well.

These comparisons show that dairy-land values are fairly consistent throughout. The cows about Gisborne, we think are a better average lot than those in what is known as our "bush districts," and as the climate is much better throughout the whole east coast, the returns from them are much better. Cow men generally seem to think their returns would be about 250 lb. to 300 lb. butterfat per cow for the season. Butter-factories throughout the Hawke's Bay Land District expect to pay out, with bonus, for season, 1s. 6d. to 1s. 8d. per pound, and cheese-factories perhaps a little more.

We have just received the following information: On a dairy farm of 32 acres at Woodville a practical dairy-farmer has obtained for the season from fourteen cows a return of 366 lb. butterfat per cow. Off another at Woodville, conducted on practical lines, the owner has produced 310 lb. butterfat per cow from fifty cows. At Te Rehunga a practical man has obtained from a good herd of thirty-three cows running on 74 acres a return of 305 lb. butterfat for season.

More and more as we moved about among the dairy farms did we realize the vast importance of the dairy industry to the Dominion, and know the necessity of keeping these men, who now have gained enough knowledge through hard experience where they are, by giving them whatever assistance is thought expedient, even though it may look a serious charge on the country.

It must be remembered that before the industrial world awakes in the morning these men and women have earned hundreds of thousands of pounds, and again in the evening when most other workers have finished for the day these toilers are just commencing to put together another supply of produce to keep humanity fed, and contribute their share to the revenue of the country. It has been truly said that the much-despised cow is the "mother of us all." What of the importance of the cow-tenders?

Sheep-farms.—It is very remarkable how nervous people are of having anything whatever of a definite nature to do with the "returned soldiers on the land" problem. We have interviewed a number of the leading men in the different localities, such as Dannevirke, Hastings, Wairoa, Gisborne, and up the east coast, with a view to getting their ideas as to what an acre of land is worth that will carry a wet ewe. Verbally they will tell us that, in localities distant five or six days from a freezing-works, land that will carry a wet ewe should be worth £8 per acre minimum, whilst round about Hastings and Gisborne flats some of them consider land that will do the same thing to be worth £15. We have repeatedly asked them to write us on the subject, and though some of them promised to do so, up to the present we have not received a single letter.

If, however, about £10 can be taken as a fair average to work upon, it will readily be seen that it is not the rents that are holding the men down.

Take one ewe and her lamb as stores: Ewe shears 8 lb. wool at 10d.	£	s.	d.
per pound	0	6	8
90 per cent. of lambs are sold at 15s. per ewe	0	13	6
Making gross return of	1	0	2
Deduct shearing and marketing wool—say, per sheep	0	1	2
	0	19	0
Land at 10s. per acre, deduct	0	10	0
Leaving a net profit of per ewe and acre	0	9	0
If we take the size of a farm at 500 acres this makes the net profit ..	225	0	0
This same country will need, say, one breeding-cow to 7 acres to keep it in order: Suppose they have sixty calves at £2 per head	120	0	0
Or a net profit over living-expenses of	£345	0	0
Now let us take the same ewe and lamb fat:—			
Ewe shears 8 lb. wool at 10d. per pound	0	6	8
90 per cent. of lamb weighing 32 lb. at 9d. per pound	1	1	7
	1	8	3
Deduct shearing and marketing expeoses, per sheep	0	1	2
	1	7	1
Or 17s. 1d. per acre profit for sheep.			
500 acres at 17s. 1d. per acre net would give the owner for the year	427	1	8
Say seventy breeding-cows with sixty calves at £2.. .. .	120	0	0
Net return, not including living-expenses	£547	1	8

As a matter of fact as much as £2 2s. 6d. has been taken off a ewe and her lamb round about Hastings this season where proper farming has been carried out, and this where three or four ewes to the acre have been carried.

Prices in Wairoa and Gisborne districts for mutton and lamb seem to run about $\frac{1}{4}$ d. per pound less than hereabouts.

Beef is now worth £1 per hundred for ox, which price should make a four-year-old bullock worth breeding.

Now, if we take such places as Porangahau, the greater part of "Crownthorpe" and vicinity, "Ardken," "Hurakea," and similar places, capable of carrying one and a half to two wet ewes, as well as dry sheep, and a breeding-cow, or its equivalent, to about 7 acres, it will be seen that there is not much to complain about, under normal circumstances.

Some one may say the estimate is too high, remembering the slump year; but as we propose to practically cut that year out it need not be taken into consideration.

Now, with regard to future prospects for sheep-farmers, they are of the very brightest, for the simple reason that there are less sheep in the world to-day by scores of millions than there were twenty-five years ago. The Argentine alone is running less sheep by thirty millions than it did at that period. Australia has less sheep than five years ago by many millions; New Zealand has about four millions less; the United States of America is unable to produce enough mutton and wool for its own consumption; and so on the world over.

According to a statement issued by the Department of Commerce, Washington, recently, there is also a very serious shortage of cotton, this commodity having jumped recently on the New York Cotton Exchange by 4 dollars a bale, with every prospect of a further rise.

Another pointed fact is that there are practically no reserves of fine wool in the world, indicating that the medium and cross-bred wool which we produce in New Zealand must rise in value considerably; indeed, the rise is here, and must continue.

In face of all these facts, is there any reason for pessimism in so far as the "returned soldier on the land" is concerned? We think not; but, on the contrary, we have every reason for the greatest optimism, if given the chance we suggest.

Blackberry Menace.—This is undoubtedly the most serious problem the Dominion has to cope with on the noxious weeds schedule, and one that will have to be dealt with sooner or later as a national proposition. We suggest that the best method with regard to soldier settlers is for the Government to subsidize them £1 for £1 on what is spent on eradication under the contract system. Government to set out an area each year on sections infested, call for tenders to cut or grub; owners to have right to tender; the work to be done to the satisfaction of Supervisor or Ranger, or some other practical appointee of Lands Department. We do not think it wise to remit rent on account of blackberry, because no more clearing would be done than at present, but it might be an inducement to put in extra effort if they knew they would get a proportion of their rent back by way of subsidy.

If some such suggestion as this is not followed up, we fear that it is only a question of time when some of the men are pushed right off part of Pakaratahi, Kaiwaka, and other places where blackberry has a serious hold.

In our opinion the Government are to be congratulated on the selections made by their Land Purchase Boards, who seem to have been most careful to select the best they could get of what was offering in this district. It is apparent to any one who takes time to observe and think that where land was taken up in poor localities they have been careful to select the best of it, and where possible to cut it up, so as to include a proportion of good with the bad. In a few cases it has not been possible to do this. The access to some settlements and individual farms is very bad, and if there are many unemployed seeking work from the State, many of them could be usefully and efficiently employed on these tracks.

TARANAKI LAND DISTRICT.

We find that almost all the troubles of the soldier settlers are attributable to the slump in stock and produce, following the inflated values ruling when the settlement scheme was launched.

Valuations.—We find that every precaution was taken in the appointment by the Government of men as valuers who had great experience as farmers, and who were accepted and appointed valuers by banks and investors lending money on the security of land. That mistakes were made in some cases is proved, but in almost all instances the Department purchased under the selling-prices then ruling, and vendors in many cases accepted and soldiers gave second mortgages for the balance over the price paid by the Department. In the cases of land which was purchased in excess of its value no suggestion of anything corrupt can be sustained: an honest error of judgment was made by men whose interest in the welfare of the returned soldiers was undoubted.

The men on almost all the special settlements are in difficulties, and we have submitted a report on each settlement. In the majority of cases the soldiers have hung on in the hope of better times, and a balance-sheet of their business shows that a great many of them had only a poor living off their farms during the slump.

With few exceptions the soldiers will make good settlers, and the percentage of failures will not be greater than those recorded in the past history of land-settlement, when the abnormal times are taken into consideration.

That heavy losses will have to be faced by the Department is certain, but this is also the experience of stock and station agents and all institutions making advances on the security of land and stock.

The number of "wasters" now on soldiers' farms is small, and they will soon be replaced by genuine farmers. One pleasing feature is the number of men who are "making good" at dairy-farming who have had little or no previous experience; our inspection proves that the small dairy farm composed of land of good quality is the best proposition for the soldier settler. The placing of soldiers on bush land (unimproved) is a mistake, and their prospects of success are not good. Bush land is difficult to farm, and returns are small for some years.

We have been surprised at the high cost of roading some of the settlements (Croydon, for example), and this loaded on the sections, coupled with the high cost of buildings and fencing, caused land bought at a very reasonable price to be very dear land for the soldiers.

There are some instances of men who have spent too much money in buildings and non-revenue-producing improvements, but these cases are few in number. It is a mistake to advance more than two-thirds of the value of improvements that are the result of the labour of the tenant; he is apt to become a wages-man to the Department, and fails to take a proprietary interest in his farm, as he has little risk in the success or failure of the venture.

The system of confining advances to £2,500 on land and £750 on stock, although apparently sound, may create hardship. If in special cases an increase could be granted it would in many cases place a man in a good position years earlier than would be the case under the present limit, and in some cases save him from leaving his farm. We have in mind cases of farms the pastures on which had been allowed to run out for want of top-dressing. The occupiers were up to their limit, and although the application of manure would have doubled their returns they were unable to purchase any through having exhausted their working-limit through purchase of stock, erection of house and fencing. It is our opinion, after traversing the whole of the Taranaki Land District, that the productiveness of the majority of the land depends entirely on liberal application of manures. The application of manures on soldier sections will improve the Government security in the property, besides ensuring the repayment of the soldiers' debt through the increased production from the lands.

We have also met cases where soldiers have been put on bush sections with from 100 to 200 acres in grass and 300 to 400 acres in bush. They required sufficient extra finance to fell 100 acres more to put the farm on a paying basis, but being up to their limit this was impossible. A little elasticity in regard to finance would make these men successful farmers.

The way the Lands Department has administered this great scheme in the face of the most difficult times experienced by men in business for many years is a credit to the officers of the Department. We find that they have treated all cases sympathetically, and that in spite of their trials the majority of soldier settlers realize this fully.

WELLINGTON LAND DISTRICT.

Summary.

In the majority of cases settlers are of good average type, who are making the best of their circumstances. Prospects in some cases not bright—accommodation on some farms indifferent. Majority of settlers in arrear, due principally to the slump, and in some cases too high price of land. There are those who would be failures under any conditions, but these are proportionately small in number.

Land purchased during boom periods is too dear in relation to producing-capacity.

In selecting land too little consideration has been given to expenditure necessary for improvements and development. These lands may be classed as follows:—

(a.) Wet and swampy land. Settlers on this class of land at a disadvantage in having to pay rentals for portions of sections not revenue-producing.

(b.) Worn-out pasture. Stumping and ploughing necessary before pasture can be renewed. This is costly work, and can only be carried out when the bush has been down a considerable time. In northern part of district stumps have not started to decay, and pastures can only be temporarily improved by top-dressing, and this is also costly.

(c.) Scrub and gorse country. This class of country entails considerable recurring expenditure.

(d.) Buildings and fences. All improvements were effected at a very high cost, and this, when added to the high cost of the land, makes it difficult to successfully carry on.

The slump is largely responsible for so many settlers being in arrear. Stock were bought at high prices and sold on slump markets, and there was the drop in wool and store stock. The fall in the price of butterfat seriously affected the position of the dairy-farmer, and in a number of cases dairy stock were bought at high prices. Attention drawn to the necessity of building up good herds of cows. Some settlers attempting to dairy on unsuitable lands, such lands being too poor for dairying and not large enough for sheep. Certain holdings are subject to timber-cutting rights, and it is desirable timber should be milled as soon as possible so as to give settlers full use of land. In certain cases lands should be made subject to the bush and swamp provisions of the Act.

Money allowed for stock and improvements not sufficient: present limit does not allow bush sections to be brought into profitable occupation and stocked. Cases where lands understocked and others with no stock. Lands go back if not stocked. Consider finance for stock should not be limited. A more flexible system in dealing with stock considered advisable. Settlers to have detailed statements of accounts. Draws attention to inconsistency in valuations. Approximately 7 per cent. of settlers visited are straight-out failures.

Consider settlers as a whole have been generously treated by the Department.

Extended Report.

We find in the great majority of cases that the settlers are of a good average type, experienced, industrious, and making the best of their circumstances, which are in many cases poor, and their prospects under existing conditions by no means bright. Some of the married settlers with children have to put up with indifferent accommodation with which few people would be contented. The majority of the settlers are more or less in arrears with their payments, but many of these are good men whose arrears are due in some instances to the slump, in other cases to the high-priced land, and who would be successful under good normal conditions. As might be expected in any community, there is a percentage of settlers who, owing to inexperience, incompetency, lack of application, or instability, would be failures under almost any conditions, but these are proportionately small in number.

The land, which was purchased to a very large extent during the land boom, is in the case of the majority of the holdings too dear in relation to the producing-capacity in good normal times, and consequently too high—some of the holdings much too high—for successful settlement.

In the selection and purchase of lands for soldiers' settlements we are of opinion that in a great number of cases too little consideration has been given to the expenditure necessary for improvements or development before the land can be brought into a reasonably profitable condition. These lands may be classed as follows:—

(a.) *Wet and Swampy Land.*—Two outstanding examples of this are the Moroa and Kuku Settlements. They comprise sections with a fair proportion of wet and swampy land that cannot be profitably used until drained; hence the settlers are at a disadvantage in having to pay rentals on a portion of their land from which little or no revenue can be obtained. There are many other farms and settlements throughout the district that are more or less similarly affected in this respect.

(b.) *Worn-out Pastures.*—We are referring more particularly to bush lands that have to be stumped and ploughed before the pasture can be renewed. This work can only be profitably carried out on land that has been felled for some considerable time, but even then it is costly and adds considerably to the purchase price of the land. In the northern part of the district, especially round Owango, there is a large number of heavy-milled-timber sections, but as the stumps have not yet started to decay the land cannot at the present time be profitably stumped and ploughed, and the grass growing thereon is more or less run out. The carrying-capacity is therefore much reduced for the time being, and can only be temporarily improved by top-dressing, and this also is costly.

(c.) *Scrub and Gorse Country.*—At time of selection a few of the sections were more or less under scrub and gorse. This entails considerable recurring expenditure which is an extra tax on the settlers.

(d.) *Building and Fences.*—When purchased or selected a large number of the holdings were without buildings and deficient in fencing necessary for the successful working of the farm. These improvements had to be carried out by the settlers at a very high cost, which, when added to the high price paid for the land, makes it practically prohibitive for them to carry on with any degree of success.

The slump in all kinds of farm-produce following so quickly on the settlement of most of the soldiers is to a large extent accountable for so many of them being in arrears: especially does this apply to the settlers who started sheep and cattle farming in 1920, as many of them did. These settlers purchased their sheep and cattle at very high prices, and by the time they had anything to sell were landed in the slump, and had to sell stock in some instances at less than one-third of the price they had paid for them. At the same time they had to face a proportionate drop in wool. When it is considered that even long-established sheep-farmers were in difficulties at that time it is no wonder that the soldier settler with his high-priced land and other drawbacks got so far behind.

The dairy-farming settlers suffered almost in a like manner, though the slump struck them a year later. During the period when the bulk of the settlement took place butterfat had risen to a very high price, reaching the unprecedented figure of 2s. 6d. per pound, and by-products had also reached a high price. This caused a great demand for dairy cattle, cows rising to a very high price, settlers having to pay £16 to £18 for indifferent herds. When the slump came butterfat dropped to about 1s. per pound, by-products also fell to a low price, and cows which had failed to come to profit were sold at about £1 10s. per head. The settlers were thus stranded with high-price land and stock, while their incomes dropped to such an extent that it was practically impossible for them to pay their way.

An important factor contributing largely to the failure or partial failure of the dairy-farmers is that a great number of them, in consequence of the scarcity and very high prices, had to make a start with poor or indifferent cows. It is manifestly impossible for a settler with such cows to make a success on high-priced land, while, on the other hand, a settler on similar land who has been able to start with a good herd will probably do well. As an example of this, we found on a very good settlement that the average for butterfat on similar land varied from 200 lb. to nearly 300 lb. per cow. Though the settler averaging 300 lb. is a good farmer, his success is due very largely to the fact that he was in a position to purchase very good cows when starting. To work up a herd from indifferent to good cows takes some years, and it may be only during this transition period that some settlers will have difficulty in meeting their obligations.

A number of settlers are dairying on land quite unsuited for that purpose. We will take as an example Oroua Downs and Taikorea Settlements. The land in these settlements is extremely poor light sandy country with little substance in the soil for the production of butterfat. It may carry a certain number of cows, but the yield of butterfat per cow would be very small compared to that of a cow grazing on good land, under good pasture. We also find settlers dairying on land which, though of fairly good quality, is altogether too steep and broken for that purpose, while the areas are too small for profitable sheep-farming. A limited number of dairy farms are too small to make a reasonable living from, while others, though just large enough to graze a sufficient number of cows, are too small to provide for the rearing and grazing of heifers necessary for the improvement and maintenance of the herds.

Practically the whole of the settlements are fairly well roaded excepting those in the bush areas in the northern part of the district, where the Government is now carrying out a fairly progressive roading policy, and in a few years there should be reasonably good roads. There is one striking example to the contrary, which should have particular and prompt attention from the Department: this is the Otomakapua 1A Settlement, where the settlers have no proper roads, and have to sledge their cream for a distance of fully two miles. The settlers state that when they took their holdings they understood the settlement was to be roaded forthwith.

There are certain sections near Ohakune on which there are timber rights over bush areas. These sections are of small area, and have to be fully developed to enable the settlers to make a reasonable living. They have to pay rent and rates, but on account of the timber rights they are unable to develop the sections to their full carrying-capacity. We consider such settlers are severely handicapped, and some effort should be made to cut this timber out as soon as possible.

On most of the bush sections in the northern part of the district the settlers are exempt from rent and rates for four years from date of selection, but there are a few sections that were all in bush when selected that have not got this exemption, although in most cases it will take much longer to bring them into profitable occupation, as the land is of very poor quality.

Finance.—The lack of capital is a serious handicap to a great number of settlers, and the maximum loan of £750 allowed on partially improved places is altogether inadequate in cases where the settler, besides having to build, stock, and fence, has to spend money in improving the land before he can make a success of his holding, even at a moderate rental; and, as already mentioned, better homes are in many cases required for settlers with families. In reference to Crown lands all in bush when selected, we understand that the maximum loan is £1,500 for improvements and stock. This is inadequate, particularly so as the earlier improvements were effected at abnormally high cost. Owing to the high prices paid in boom time for labour, material, &c., the amount expended did not allow of sufficient improvements being done to bring the properties into a profitable state of occupation, and until they can get to this stage settlers have no prospect of meeting their liabilities. These far-back settlers require sufficient area in grass and fully fenced to allow them to carry at least eight hundred sheep. As they have no capital of their own, this stage cannot be reached unless further financial assistance is given, without which the settlers will in most cases have to abandon their holdings. This will be against the interest of the country and settlers alike. We noticed a number of the farms were understocked, and some had no stock. We understand that the necessary stock could not be procured owing to finance being unobtainable from the Department. This means failure to the settlers and loss to the Department, as pasture insufficiently stocked, in the case of second- and third-class country, very quickly goes back into fern and second growth, which considerably decreases the carrying-capacity and value of the improvements. We cannot too strongly stress the futility of making advances for felling and grassing, &c., and then failing to provide for stocking. Finance for stock should not be limited to a fixed amount, as it is most important that all farms financed by the Department should be fully stocked up regardless of the amount required. A more flexible system in dealing with stock advances is badly needed. When a settler requires further stock he should be in a position to buy whenever he sees a good opportunity to do so, without having to write to Wellington for authority to purchase, as this too often causes long and vexatious delays, good opportunities to buy are lost, and in the meantime the grass is running away. We understand that in many cases, owing to delays in getting replies to their letters, the settlers have to visit Wellington to interview the Land Board in regard to finance and other matters. For the far-back settler this is a heavy expense that he cannot afford. We are of opinion that the Crown Lands Ranger should be placed in a position to give authority for the purchase of stock, and to advise the stock firms accordingly.

Many settlers we met complained that they were unable to obtain a statement of their accounts, and we are of opinion that they should have a detailed statement of their position from the Department periodically, say, every six months, to enable them to check all transactions.

When going over various settlements we found considerable inconsistency in the valuation, some sections, though varying considerably in contour and quality, being valued practically the same; in other instances sections of similar quality ranging considerably in value, thus giving one settler an advantage over another.

Failures.—We are of opinion that approximately 7 per cent. of the settlers we visited may be termed straight-out failures; of the balance, some are undoubtedly successful, while others, although in arrears with their payments, should, under normal conditions, when placed on a sound footing, eventually prove successful.

In regard to residential and suburban holdings with small areas of land occupied by settlers with outside occupation, these are in a large measure successful, especially when the present high cost of building is considered.

We are of opinion that, taking the settlers as a whole, they have been generously treated by the Department, and in the majority of cases the settlers themselves acknowledge this.

MARLBOROUGH LAND DISTRICT.

Summary.

Settlers would have done better with more initiative and more capital. In very few cases was a "waster" to be found amongst the settlers. The Department stated to be liberal with financial assistance. Large percentage of holdings extremely uninviting. In most cases, after taking possession, settlers were confronted with the slump, when they lost heart. Imperfect supervision responsible for money not being well spent. To carry on successfully settlers should erect more subdivisional fences, fell bush, burn, and surface-sow. Suggest that stock accounts be taken over

by the Government on account of high rate of interest being paid to commercial firms. Remissions and reductions to be recovered in cases of sales in future at profits. Suggest that certain inexperienced settlers be represented by trustees. Adjustment of rebates to correspond with period of receipt of returns from farms. Partnerships generally considered to be failures and should be discouraged. Government to guarantee fruitgrowers in regard to export of fruit. Inadequate supervision. Testing and culling of dairy cows recommended. Butterfat returns disappointing. Stress the necessity of proper inventory of stock and chattels being made before soldiers take over farms. Recommend that when power of sale is exercised preference be given to discharged soldiers where properties are suitable; other properties to be thrown open to the public.

Congratulate Land Board and staff on patience and consideration shown to settlers during the period of the slump and subsequently. Consider with average prices of all products prevailing settlers should do well.

Extended Report.

We have made a thorough inspection of the settlements and farms in the Marlborough District, and, generally speaking, the class of settler is good—although in cases it is quite apparent that many would have done better had they possessed more initiative and more perseverance. In very few cases we have found the settler a “waster.” Quite a number of settlers have gone into their places with little or no money of their own, and in some cases little or no experience, with the result that they have had nothing to lose and everything to gain.

In most cases, shortly after taking possession they were confronted with the slump, when they lost heart and seemed to have given up all hope of making a success of their undertaking.

Apart from those settlers who have made good, we find a large percentage of the holdings extremely uninviting, and in some cases we have been somewhat surprised at the Land Board allowing men to take such places up. Want of capital has in many cases been the cause of failure, and yet we consider the Department has been very liberal with their financial assistance, but through want of supervision the money in many cases has not been used economically and to the best advantage.

Finance.—In dealing with the position of the settlers who are in a bad financial position we have carefully considered the question of recommending any further assistance on current account—realizing at the present time that the Government is not desirous of spending any more money in this direction than it can possibly help.

In some cases we have found that to enable some settlers to carry on more successfully it is necessary that they should erect subdivision fences, fell bush, burn, and surface-sow. This we consider the best and most useful ways that money can be advanced to enable the settler to produce more, and a better chance of being successful.

As will be seen by the respective reports, we have recommended that stock accounts be taken over. We do this because we consider that the high rate of interest charged by the mercantile firms concerned is a heavy drain on the settler and, moreover, the Government in most cases has to go without its rent and interest. We think in all cases the Government will be able to come to satisfactory arrangements with the firms concerned, as we feel quite sure they are prepared to drop a fair amount so as to clear up the now very unsatisfactory state of affairs in several cases.

In cases of amounts concerning reduction of loans, postponement or remission of rents and interest, and postponement of instalments, we recommend that upon any sale, transfer, assignment, or deposition of the settler's interest in the property, any moneys or part thereof remitted, postponed, or reduced be deducted from any profit accruing from the sale, &c.

(NOTE.—All the amounts as shown in the various reports are those supplied to us by the Lands Department, Blenheim, and are approximate only: these may vary from time to time as settlers pay off amounts.)

Trustees.—We have gone into this matter very carefully, and, if several settlers (who have been mentioned in their respective reports) who have not displayed judicial management of their holdings, financially or otherwise, are to carry on successfully, we are of opinion and we recommend that they should be subject to the superintendence of a competent trustee.

Rebates.—It has been our experience during our round of inspections to learn that a large number of settlers complain that the rebate on rents and instalments for the January payments come at a bad time: this particularly refers to the agricultural farmer, who does not get his returns from his harvest till usually February and March. In many cases it is very awkward and sometimes impossible for settlers to find the amount due and therefore lose their rebates. We would recommend that the Department consider this question and see what can be done in the direction of having the period extended.

Partnerships.—These have in nearly every instance proved failures, and in most of the cases one of the partners has left the property owing to the slump, finding there was not enough to be made for both to live on. Then, in some cases the settler remaining has not been able to carry on successfully—chiefly owing to want of capital and the undertaking proving too much for him. We recommend in future that partnerships be discouraged.

Fruit-farms.—We desire to express the views of many of the soldier fruitgrowers that the Government should continue the guarantee to fruitgrowers in regard to the exporting of fruit. This industry has had a very bad time, and many of the settlers have had a hard struggle, but with average markets these men should come through all right.

Supervision.—We desire to state that we consider there has not been sufficient supervision over the soldier settlers. In some cases there has not been a Ranger or Supervisor on the property for upwards of two years, and we came across many cases where the settlers stated that they had not received a visit from a Ranger for a considerable time.

We also consider that there is not enough time spent by Rangers when visiting settlers: owing no doubt to the vast amount of work that the Rangers have to do, they can spare only a limited amount of time at each place. Rangers, to gain the confidence of the settlers, must spend time and enter into and discuss their difficulties thoroughly. If this is done we consider better results would be shown.

Dairy Herds.—We desire to make a few remarks in connection with the dairy herds we visited in the Marlborough District. The majority of the soldier settlers on dairy-farms are not doing as well as they should do. The results given by these herds are very unsatisfactory, and although the majority of the cows are looking well we found them with a low test, and the amount of butterfat was very disappointing.

Something must be done in the direction of improving the herds, and one noticeable feature is the lack of good bulls. Fully one-half of the cows that are being milked should be cast out and replaced. These remarks more particularly refer to the dairy-farms in the Flat Creek, Opouri, Carluke, and the Sounds districts.

Inventory of Live and Dead Stock.—We desire to report that in two instances—those of Anderson, of Flat Creek, and Rogers, of Opouri Valley—the inventory of the live and dead stock as given to these settlers was not handed over at the time of taking possession. The two places had been vacated by G. Billingsley and Dryden respectively, and, judging by the statements of Anderson and Rogers, and other evidence in the districts, these settlers did not have a fair deal, having to be content with less than they were led to believe was on their places. We do not exonerate the settlers altogether, as they should have insisted on a proper inspection and taken delivery of what was there, and had allowances made for stock and implements, &c., not handed over. We consider that more care should be taken in these matters.

General.—We have found in many cases, where the high prices given for farms have been where relations have sold to relations, and who have got away with the cash, these people are the ones who have benefited by the boom prices and the efforts of the Government to assist discharged soldiers, and not the soldiers themselves.

We desire to recommend, if at any time a property falls back into the Government's hands, that preference should be given to discharged soldiers. This we mean to apply to good places; but there are other properties which we would recommend be thrown open to the public—the question of which to be so treated to be decided by the Land Board.

In conclusion, we desire to congratulate the Government, together with the Head Office and the Marlborough Land Board, on the amount of patience and consideration displayed with the everlasting trouble that confronted them during the period of the slump and subsequently. We believe that with average prices for all primary products the settler will do well, although economy must be their password. We have endeavoured to be quite candid in our remarks, and have gone into each and every case very carefully, and have come to the decision with a fair mind both to the Government and the settler. We also desire to thank the Commissioner of Crown Lands, the Chief Clerk, and the staff for the consideration and help afforded us during our work.

NELSON LAND DISTRICT.

We visited and inspected 371 farms. In general the position of the settlers is not the best. In our opinion, after a very exhaustive inspection, the greater portion of the properties on which the returned men have been placed is of poor quality. It would appear that property-owners in many instances who sold to the soldier settlers retained the best of the land for themselves, and disposed of the poorer parts. In other cases, where this did not occur, the quality of the land at its best was only second class and of low productive value. As is shown by the percentage of successful men, hereinafter appearing, those who were fortunate enough to secure good places with good quality of country are, considering all things, rather few.

No fault can, in general, be found with the type of settlers, they for the most part being hard-working and industrious; and it is no fault of theirs, on the average, that things have not turned out successfully. Of course there are a few exceptions, some being found who have done practically no work on their places, owing in the small minority of cases to dilatory habits, but in the greater number of cases to war disabilities, they being quite unfitted for the arduous work of making profitable farms out of rough holdings.

Then, again, it is perfectly obvious, as will appear later in our report, that the original valuations were for the most part far in excess of the real value of the land, and even if markets had kept up to pre-war standard, in a great many cases it would have been impossible for the men to have paid their way and made anything approaching a decent living.

It follows, therefore, that as the markets collapsed, and, as we have said, the general productiveness of the land being low, the settlers were faced with the impossible task of paying too large an amount in interest and instalments out of a minimum of revenue. The whole of the money received had to be paid out in meeting or endeavouring to meet these payments, and left nothing available for building up flocks and improving the properties, which have consequently gone steadily back. We shall deal later with the position of those settlers whom we have classed as "temporary failures," but we may say that, in our opinion, notwithstanding the difficulties they have had to contend with in the past, and will have in future to contend with, they will eventually, with judicious assistance, make good, allowing, of course, that markets have reached bed-rock and will improve from now on.

In regard to those we have classed as "permanent failures" a very difficult position arises. They are, of course, those who have got into what is well-nigh a hopeless position, but even in some of these cases it is hard to say that they will not eventually come out all right. It is a matter that will have to be given the most profound consideration before any really drastic step is taken, such as taking their places away from them.

Then, again, in regard to those whom we have classed as successful—i.e., those who have up to date met all their obligations—and these comprise some 44 per cent. of the total—another anomaly arises. Of the successful ones, about 27 per cent., though they have so far paid their way, we consider have yet paid too much for their land, and in fairness to them they should benefit by any reduction in values that the Government may see fit to make in assisting the soldier settlers in a less fortunate position. Again, some of those who are so far paying their way are doing so by means of money obtained from outside sources, and not wholly from the revenue derived from their farms, so that these also may require assistance in some form as well. Then, again, there is another class of cases which create a difficulty—those who own orchard properties, numbering fifty-two in all. Of this number, thirty-three are classed as successful, having paid their way to date, and nineteen as failures; but in regard to those classed as successful, most of them have earned the money by outside work and have not taken anything off their properties. If the state of the apple-market continues as it is to-day, at a very low ebb indeed, then in a very short time these men will have to give up, and the land will be worth practically nothing, as, especially in the Moutere and Tasman districts, the land is only suitable for fruitgrowing and very little else.

There is one thing, however, which was very apparent to us, and that was the almost universal spirit of cheerfulness displayed by the settlers even in very adverse circumstances, and the feeling of gratitude to the Government for what it had done for them in the past, and a confidence that it would see them through in the present crisis. This spirit, we feel sure, will go a long way indeed towards pulling the men through the difficult times ahead of them, knowing as they do that everything possible will be done to help them if they help themselves.

WESTLAND LAND DISTRICT.

The soldier settlers in this district took up land and bought their stock in most cases during the period of high prices. Generally speaking they had little or no capital of their own, and all their operations were carried on with borrowed money. So long as the high prices lasted they were able to pay their way, but the slump of two years ago made it difficult for them to carry on. On the whole they have come through the ordeal as well as could be expected, and, given fair prices in the future, 75 to 80 per cent. of them should win through.

The inflated prices excited every one, and there was not sufficient realization that this good time could not last. This has caused less prudent management of their farms by the settlers, who in many cases have incurred monetary obligations without sufficient regard to the fact that interest and repayments have to be met.

The Department's valuations of land are in general very sound and not inflated, but many of the settlers who are now in difficulties bought their land at high prices above the Department's valuation and against the Department's advice, and gave second mortgages for the balance of the purchase-money. In these cases the second mortgages, owing to the drop, have ceased to have any value.

The rise in the price of dairy-products, wool, &c., has greatly improved the prospects of those settlers who have in any degree been holding their own, and if the present values are maintained we would expect a 75-per-cent. to 80-per-cent. number of successes.

CANTERBURY LAND DISTRICT.

Summary.

The general remarks are submitted under the following headings, viz.: Small-grazing-run farms; Agricultural Farms; Dairy Farms; Fruit-farms; Market-gardening; and Poultry-farms. These general remarks may be summarized as follows:—

Small-grazing-run Farms.—In some cases the subdivisions are not in conformity with the varying configuration of the country. Some settlers have all summer country and others all winter country. There are heavy losses on the summer country through snow and the ravages of the kea, while those settlers who have winter country only are unable in dry seasons to graze their flocks to advantage. In some cases homestead-sites are too far away from the runs. On South Canterbury runs there is a heavy death-rate between shearing and the autumn muster, due to the impossibility of fencing the back boundaries. The advance of £750 for stock, &c., for runs is not sufficient.

Agricultural Farms.—Land in many cases has been overcropped, with the result that it is choked with twitch and weeds. It is necessary to summer fallow, and this means that settlers will be liable for two years' rent and interest with only the produce of one year's crop. Assistance is necessary to tide settlers over period occupied in bringing the land into a productive state.

Dairy Farms.—The failures in cases of dairy farms are due to the slump in prices of dairy-produce and the insufficient supply of suitable feed for cows. Most of the herds are of inferior milking-strain, and should be tested and culled.

Fruit-farms.—Settlers on these farms, with few exceptions, are likely to be successful, but a little financial assistance is required, as most of the trees are not yet in full bearing. Localities have been well chosen, and the trees are remarkably free from blight and other pests.

Market-gardening.—The value of some of the land is considered excessive, chiefly because it is suburban land. Where the land is outside the suburbs the price is less, but in some cases the land is of a light stony nature and the returns are small. Settlers generally are hardworking and industrious.

Poultry-farms.—This class of farming is not proving a success. The cost of feed and working-expenses has in nearly every instance been as much as the returns received from eggs. The majority of the settlers engaged in this industry are mostly in indifferent health and in receipt of other Government assistance. This additional assistance enables them to live on their holdings although they are making no profit therefrom.

General.—In cases of second private mortgages the Board considers the Crown should make no reduction unless the second mortgagee allows a concession equal to that made by the Crown. The present position is not altogether due to inexperience, but principally owing to the heavy losses in stock, wool, and dairy-produce. The soldier settlers have not been singular in this respect, for the losses sustained by them and other financial embarrassments have been felt by old and experienced farmers in similar financial positions, and even by those in much better circumstances. The Board considers that if its recommendations in each case are given effect to settlers generally will be successful, but stricter supervision is essential.

Extended Report.

There are still about a hundred soldier settlers to be interviewed and their farms inspected, many of these being in outlying and isolated positions; but the recommendations in these cases will be made the subject of a supplementary report, as you have intimated that it is desirable that recommendations in the cases already dealt with to date should be made available.

Out of a total number of 963 soldier settlers in this district, 447 have replied on the prescribed forms, setting out a statement of their receipts and expenditure, together with the reasons for their straitened financial position.

In the Board's opinion, probably 95 per cent. of the 516 settlers to whom papers were sent but who did not reply could be considered as being successful settlers.

Small-grazing-run Farms.—In the inspection of these farms held by soldier settlers the Board has found that many of the different subdivisions have not been made in conformity with the varying configuration of the country, some soldiers in consequence obtaining all the summer country and no winter country, and others *vice versa*. By reason of this the Board has been compelled to recommend many reductions in rent. The soldier settlers who have the summer country only suffer great losses through the rigour of the snowfall and the ravages of the kea, and have to endure a death-rate almost equal to the natural increase of the flock, while those who have winter country only are quite unable in dry seasons to carry and graze their sheep and lambs to the best advantage. It will readily be admitted that this is a serious drawback to settlers really striving to make a success of their holdings, and constitutes a difficult matter to adjust satisfactorily. In some cases there is no proper road access, which necessitates the packing of the wool, or driving the sheep long distances for shearing.

Of the runs in South Canterbury, it has been observed that the losses in sheep are very great between shearing and autumn mustering, due to the impossibility of fencing the back boundaries, which are on rugged and difficult high country. These boundaries are from 6,000 ft. to 7,000 ft. in altitude. The heavy fall of snow practically throughout the year also presents another serious obstacle to the erection of fencing.

When these soldiers selected their holdings they had to purchase their sheep at the prevailing enhanced prices, and through the sudden and severe drop in values in sheep and wool that took place in the following year they became financially embarrassed, and their available capital was then quite insufficient. This was the main cause of their difficulties. Since the substantial rise in the price of stock and wool the Board is confident that with the assistance it has recommended these soldiers will be enabled to work their farms successfully.

The granting to every soldier settler the maximum advance of £750 to effect improvements and to purchase stock on agricultural and dairy farms was no doubt sufficient to enable profitable occupation of the farms, but this amount was quite inadequate to the needs of the soldier settlers on these runs. Through their inability to obtain more than the maximum advance of £750 from the Government they have been compelled to procure financial assistance from outside firms as well, and have had to meet a higher rate of interest. This has had the effect of complicating their accounts, and in a large measure has been the cause of many being in financial difficulties.

On one of the North Canterbury settlements where the subdivisions have been made without any regard to the natural features of the country it is the Board's opinion that a great mistake has been made in providing homestead-sites miles away from the runs. The necessary homestead-sites, where possible, should be on the different holdings, or in close proximity thereto. Had this been so the stock would not have suffered so much, and the ewes in lambing-time would have received proper attention, and the average percentage of lambs would most probably have been very much higher. Some of the areas of these runs are too small for grazing purposes only, and the Board recommends that should occasion arise through leases being surrendered the areas of such leases should be divided among adjoining lessees.

Agricultural Farms.—The largest number of soldier settlers occupy these farms. The quality of the land varies considerably in the different parts of the district, some of it being of good quality, but the larger proportion being of light, stony, and inferior soils, and not suitable for cropping purposes. The areas held are not large enough for grazing purposes only. The land has in many cases been overcropped, with the result that it has become choked with twitch and weeds, thereby to a considerable extent reducing the value of the farm. It is now necessary to summer fallow the land and continually work it to eradicate the twitch, if the settlers are to be able to obtain a payable crop in the following year. This means that they become liable for two years' rent, as well as for the working-expenses, with only the produce of one year's crop to meet the payments.

It is essential that the soldier settlers on these farms should have a wide and varied knowledge of farming operations to enable them to make a success. This knowledge many of them did not possess when taking up the farms, especially the requisite knowledge of buying and selling of stock. The experience can only be gained by practice, and although, unfortunately, many of the soldier settlers have paid dearly for this experience, it should be of great value to them for their future guidance.

Dairy Farms.—With a few exceptions, settlers on these farms have not been wholly successful, chiefly through the slump in the prices of dairy-produce and the insufficient supply of suitable feed for the cows. On the light land it was noticed that very little green feed was grown to supplement the scarcity of the grass. Most of the herds are of inferior milking-strain, and it is absolutely essential that they should be tested to ascertain what butterfat they are producing, as at present they are not yielding anything approaching the average returns, and therefore they are not paying.

Fruit-farms.—The soldier settlers on these farms, with very few exceptions, are likely to be successful, but they require a little financial assistance at present, as most of them have fruit-trees that are not yet in full bearing. They appear to be experienced men, and all the orchards are in good order. In a few years they are bound to be a considerable asset to the country. The localities have been well chosen, and the trees are remarkably free from blight and other pests. Many of the varieties of different classes of fruit will be admirably adapted for export.

Market-gardening.—The settlers on these farms need, of course, to be hardworking and industrious, and these characteristics have been noticed in nearly all the cases brought under observation. In the Board's opinion the value of some of the land is excessive, chiefly because it is suburban land. Where the farm is outside the suburbs the price is of course less; but in some cases the land is of a light stony nature, and the returns are small in consequence.

Poultry-farms.—In this district this class of farming is not proving the success that was anticipated. A fair proportion of these settlers are practically unsuccessful and have failed to show a profit. The cost of the feed and the working-expenses have been in nearly every instance as much as the returns received from the sale of eggs. It should be pointed out, however, that the soldier settlers engaged in this industry are mostly those in indifferent health, and who are in receipt of other Government assistance. This enables them, although making no profit out of the poultry, to still live on the holdings.

The Board would like to draw attention to the fact that considerable trouble has been caused over advances made under section 2 of the 1917 Act, where in some instances very high prices have been paid for the freehold. The land was sold at an excessive value, and in many cases the Government advanced up to 90 per cent. of the purchase price. The sale of the security at present values would show a very great loss to the Government.

It is of frequent occurrence that the second and third mortgagee is also the original vendor, and through his selling the land at very high prices and taking as security a second or third mortgage for the balance of the purchase-money (on present-day values these mortgages are of little or no value) any financial assistance recommended to the soldier would only add to the value of the second mortgagee's security. For this reason, when making a recommendation for financial assistance to the soldier, it has been made a condition that the second mortgagee should allow the soldier a similar concession, as indicated on the individual papers. If this were not insisted upon, any assistance given by the Government to the soldier would simply enhance the security of the second mortgagee. Interested commercial firms are treated in the same way as private mortgagees where the stock is not sufficient to cover the amount of the advance.

Reviewing the whole position of soldier settlement, the Board would like in conclusion to point out that, although so many of the soldier settlers require financial assistance, it is not altogether for the want of trying or due to their inexperience and the consequent loss of their working capital, but principally owing to the heavy losses in stock, wool, and in dairy-produce. The soldier settlers have not been singular in this respect, for the losses sustained by them and their financial embarrassments have been felt by old and experienced farmers in similar financial positions, and even by those in much better circumstances.

The Board is strongly of the opinion that, with the approval of the recommendations for the remission of rent and instalments, and the reduction in the price of the land, the buoyant condition of the markets generally, and the increased prices of products, the soldier settlers who really desire to succeed will realize their responsibilities, and by their energy eventually prove to the country that the Government's policy in placing them on the land has been amply justified.

Generally speaking, it would be to the interest of the Government, and to the advantage of soldier settlers, if stricter supervision were exercised on many of the holdings.

OTAGO LAND DISTRICT.

Summary.

Prices paid for land for subdivision too high. Properties which as a whole may have been capable of returning fair interest were, under subdivision and consequent loading for roads, &c., too dear. In addition to this, selectors had to expend on the average £5 per acre on buildings and improvements. There was also a loss of about a year in getting a proper start, and in many cases the land was not in good order. The general conditions prevailing during 1919–22 were against the settlers. Properties purchased were not generally in good rotation, being generally in worn-out pasture.

The lack of capital seriously affected many settlers, and the Crown's advance of £750 is not adequate. Settlers should be granted advances for permanent improvements to an amount computable with the value of his holding, with an additional advance up to £750 for stock. It is suggested that advances for stock should be quite separate from advances for buildings and improvements.

On present values of produce, what may be assumed to be a payable proposition may, through a downward turn in prices, become non-payable. The fluctuations of the market have a serious effect on soldier settlers who are paying rent and interest on the whole capital employed in their operations. The chances are that, based on a maximum revenue, their holdings will just provide a living surplus and no more, and when failure in any respect occurs they get behind and have no chance of recuperation. They are different from settlers long established or who had capital of their own—these can stand up to a bad year; but the average soldier settler has no reserve fund yet, and it is this factor in relation to settlement effected at peak prices that has contributed towards failure.

When we consider what effect the slump in produce had on old-established civilian settlers, and compare their positions with the soldier settler just starting, there is no reason for wonder that the latter have been forced to seek relief. It was a difficult problem to satisfactorily establish men on land propositions who had little if any capital, without or with only a limited degree of experience, and under special conditions and circumstances that demanded maximum results in order to provide overhead charges and a reasonable living.

Referring to advances made under section 2 for the purchase of properties, these have been scheduled and made the subject for special report as the occasion arose. It has been found that almost invariably the men who were assisted into good places, no matter if comparatively dear, have been able to meet their engagements. The failures are those who went into third-class places at high prices. They were mostly men without experience. This was in evidence from the start, as, had they known their job, they would never have been where they are. Quite a number of settlers are on places that, owing to the state of buildings, fences, and the unproductive nature of the land, make their chances of success quite impossible. Some of these are occupied by men who are honestly doing their best, and would succeed if placed in decent places. It is suggested that where a settler has proved to be persevering and has only failed through adverse conditions, that he be given an opportunity to continue his farm operations on another selection.

Failure to utilize the productive capabilities of the holding is not only a personal loss, but is also a national loss, and it is suggested that the only remedy is an alteration in the regulations governing advances to soldier settlers.

Closer supervision necessary regarding depreciation of securities.

That all building loading be treated as advances repayable by a sinking fund of 1 per cent.

Draw attention to the fact that those settlers who purchased under section 2 of the Discharged Soldiers Settlement Act, 1917, obtained more financial assistance than selectors of settlement lands, as the former usually had houses and fences on the place when purchased and obtained £750 for stock, while the latter had to build his house, erect fences, &c., and purchase his stock out of the £750 advance.

Suggest that the disposal of abandoned properties be expedited.

Extended Report.

The price paid for land for subdivision has no doubt been, almost without exception, too high. Properties which in themselves may have been capable of returning fair interest on the capital value were, under subdivision, loaded with the attendant expenses of roading, survey, and incidental charges which frequently added £1 per acre to original cost. The loading on eighteen estates purchased, total area 40,915 acres, was £35,389. In addition to this, settlers had to expend on an average £5 per acre on buildings and fencing. The section areas were in many cases too small, and in attempting to attain a degree of uniformity in the total capital value of each section the surveys were not in keeping with the topographical conditions and utility requirements. It thus happened that in the process of subdivision, properties which as going concerns were worth the price paid for them were discounted in value through subdivision.

There are contingent losses in the period of establishment on prairie land which may quite fairly be treated as capital expenditure, and in purchasing properties for subdivision these contingencies should be provided for in viewing the possibilities of any holding.

Properties bought for cutting up were not generally in good rotation, being mostly in worn-out pasture, very often bad with couch, thistles, and other weeds. It thus followed that a settler invariably lost the first year's rent for a start, more especially when lands were balloted for at a late seasonal date. By the time a settler got his fencing and buildings up and purchased a team of horses and requisite plant, one year had gone. Then, if, as mentioned, the land was all out of rotation, the chances were that the agricultural operations would not be successful until the second or third ploughing. Meantime rent, interest, and charges were going on and eating up available capital.

The general conditions prevailing in the years of 1919-22 were all against the settlers. The following were instances particularly affecting the position: (1) Land was at the peak price; (2) fencing-material dear; (3) building-material dear and labour high; (4) farm implements and harness dear; (5) dairy cattle and sheep abnormally high in value; (6) chaff and oats scarce and dear; (7) seeds and manures dear.

Then, to make matters worse, all produce with the exception of wheat slumped in price in 1920-21.

The lack of capital also seriously affected many settlers. The advance by the Crown, limited to £750, was quite inadequate to meet the requirements under the above abnormal conditions. In some cases the lessees overloaded their holdings with buildings at the expense of capital which would have been more profitably expended in reproductive assets; but, generally speaking, the improvements effected are only such as were necessary.

It is early yet to say whether land-values are stabilized. It is possible that produce in the near future may go back to pre-war level, and in that case the pre-war level of land cannot be maintained in the face of the huge increase in our national debt. If the prices of our primary products are not maintained at a higher average level than before the war, it follows that land-values will recede. This has to be taken into consideration in reviewing the position of soldier settlers. On present values of produce, what may be assumed to be a payable proposition may through a downward turn in prices become non-payable. The fluctuations of the market have a serious effect on soldier settlers who are paying rent and interest on the whole capital employed in their operations. The chances are that, based on a maximum revenue, their holdings will just provide a living surplus and no more, and when failure in any respect occurs they get behind and have no chance of recuperation. They are different from settlers long established or who had capital of their own—these can stand up to a bad year; but the average soldier settler has no reserve fund yet, and it is this factor in relation to settlement effected at peak prices that has contributed towards failure.

When we consider what effect the slump in produce had on old-established civilian settlers, and compare their positions with the soldier settler just starting, there is no reason for wonder that the latter have been forced to seek relief. It was a difficult problem to satisfactorily establish men on land propositions who had little if any capital, without or with only a limited degree of experience, and under special conditions and circumstances that demanded maximum results in order to provide overhead charges and a reasonable living.

Referring to advances made under section 2 for the purchase of properties, these have been scheduled and made the subject for special report as the occasion arose. It has been found that almost invariably the men who were assisted into good places, no matter if comparatively dear, have been able to meet their engagements. The failures are those who went into third-class places at high prices. They were mostly men without experience. This was in evidence from the start, as, had they known their job, they would never have been where they are. Quite a number of settlers are on places that, owing to the state of buildings, fences, and the unproductive nature of the land, makes their chances of success quite impossible. Some of these are occupied by men who are honestly doing their best, and would succeed if placed in decent places. It is suggested that where a settler has proved to be persevering and has only failed through adverse conditions, that he be given an opportunity to continue his farm operations on another selection.

Finance.—This is a question of importance in making for success in the settlements, and the effect of the existing regulations is specially referred to in letter of the 24th March to the Commissioner of Crown Lands, Dunedin, of which the following is a copy :—

I wish to bring a matter under your notice which applies to quite a number of soldier settlers. I assume it is the desire of the Department to place settlers in the position to obtain maximum returns, and thus enable them to meet their engagements. Many settlers are quite unable to make their holdings pay because they have no chance of making financial arrangements to obtain stock. The grant of £750 in most cases is nearly all absorbed in fencing and buildings, and if, say, only £200 is left for purchase of sheep and it really takes £800 to £1,000 to stock up, it simply means that the settler is not getting the value of his rent, and cannot pay his way. It is owing to this factor that many settlers have got hopelessly in arrear with rent, and I have quite a number of cases in my mind that have no chance of recuperation until they can utilize their properties to the full capacity.

My opinion is that each settler's position should be treated on its merits, and when a settler takes up a holding practically devoid of any improvements he should be allowed (1) an advance for approval permanent improvements to an amount computable with the value of his holding, (2) an advance of up to £750 for stock.

There are men all over the district of which the following is a typical example :—

Area, 3,424 acres; rental, £160.						£
Dwelling, wool-shed, and outbuildings cost	..	..	..	..	..	500
Fencing cost	..	..	..	..	..	744
						<hr/> 1,244
Stock on hand—280 sheep	..	..	..	..	..	280
20 cattle	..	..	..	..	..	60
3 horses	..	..	..	..	..	90
						<hr/> 430
						<hr/> £1,674

He has exhausted his own capital and the Government advance, and in order to make his annual rent, interest, and rates, totalling £285, and living-expenses, has only the revenue from 280 sheep. He really requires at least 500 more sheep, which at to-day's value would cost £750, and until he can get them will continue to run his place at a loss.

Failure to utilize the productive capabilities of the holding is not only a personal loss, but is also a national loss; and it seems to me that the only remedy is an alteration in the regulations governing advances to soldier settlers. I am taking the liberty of bringing this specially under your notice in advance of my general report, because I realize that there are cases requiring assistance right away.

Current Account Advances.—It is suggested that it is desirable to alter the present system regarding these. At present, advances for improvements are included with advances for stock, chattels, and other requisities, and necessarily this makes it more complicated and difficult for departmental officers to review and regulate the situation. If the two classes of advances were kept on their own bottom there is a likelihood that, before long, the Crown would be relieved by stock and station agents from the responsibility of finance and supervision with regard to the advances for stock and chattels.

We therefore suggest that the regulations fixing the limit of advances on current account be amended so that independent advances are made (1) for buildings and permanent improvements on farm lands, (2) for clearing bush lands, (3) for establishment of orchards, (4) for buildings and permanent improvements on grazing-runs, (5) for stock, chattels, and farm requisites.

In cases where buildings are taken over under the instalment system the value of such buildings to be a first charge against the grant under clause (1). All advances under clause (1) to be paid off by a sinking fund of 1 per cent. per annum.

That the advances, except in the case of existing buildings, under clause (1) be limited to a maximum of £400 for properties the prairie value of which is under £1,500, and advancing by 20 per cent. on the prairie value until a maximum of £750 is reached.

That for grazing-runs (clause 4) a building grant be made in terms of clause (1), and an additional grant for fencing be made to the extent of 75 per cent. of the cost or value, such advance to be repayable by ten yearly instalments.

All improvements for which an advance is required to be approved by the Commissioner of Crown Lands.

Stock Advances.—During the inquiry it has occurred to us that closer supervision is necessary regarding depreciation of securities. Advances have been made for the purchase of stock at fairly high levels, and settlers have not maintained a standard of ages in their flocks or other stock. For instance, three seasons ago a settler purchased a line of six- and eight-tooth ewes at £1 12s. Since then he has sold off all their progeny each year, and to-day these ewes have greatly depreciated in value. The same conditions apply to cattle and horses regarding depreciation through age.

Our experience leads us to suggest that, with sheep especially, a standard of values should be established and maintained for book purposes. This is necessary if that section of the soldier settlers' advances business is to be kept on a sound basis.

Instalments on Buildings.—In cases where a section is loaded with buildings the value of which is payable by instalments, we find that the present rate of payment is a handicap on tenants who are short of finance. There are anomalies in regard to the finance for buildings which I think can be rectified without prejudice to the Crown and in the interest of settlers. In Armore, Tilverstowe, Kelso, and other settlements the loading for buildings on the homestead sections is out of proportion to their utility value. At Tilverstowe the loading for buildings on 361 acres is £2,960—over £8 per acre.

We suggest that all building loading be treated as an advance repayable by a sinking fund of 1 per cent., and that this alteration be made retrospective.

A settler who is assisted to purchase under section 2 as a rule acquires a property fully steaded and fenced. He repays his loan, which included buildings, &c., at the rate of 1 per cent. per annum. Further, he may obtain an advance for stock and chattels up to £750 while, in the case of a tenant on settlement lands, the maximum advance of £750 has to serve not only "stock and chattels" but all "buildings and fencing." The sequel to this is that many settlers have come to a dead-end regarding finance. They had to erect necessary housing and fencing, and when this was completed there was not sufficient money left out of the grant to fully stock their holdings.

Surrendered Properties.—It is almost inevitable that certain properties which have been advanced against will be thrown back on the Crown owing to the failure of the mortgagor or lessee, and we have noticed that already there are instances of this. It occurs to us that the process of getting these properties dealt with is too tedious, and not only is revenue lost through delay in resettlement, but the productive value is lost to the Dominion, and the properties suffer general depreciation while untenanted. We respectfully suggest that in each district the Commissioner of Crown Lands, or some other officer specially appointed, shall be invested with the powers vested in the Crown as mortgagee, to deal with all soldier settlers' properties which may by default revert to the Crown; and, generally, that such legislation should be passed as will provide expedient regulations governing realization and disposition of such properties.

SOUTHLAND LAND DISTRICT.

We have travelled over a wide area and inspected 366 holdings, and we are pleased to be able to say that the great majority of the soldier settlers are honestly doing their very best to make a success of their farms. In not a single case have we had put before us what we consider a genuine grievance against the Government; and we have had many voluntary statements by settlers appreciative of the consideration extended to them through the recent period of severe depression. In several cases of partnership we have found that only one man is being maintained on the property. In some instances we consider the advances made are beyond the amount the securities would realize, and no margin has been allowed for the contingency of a fall in land-values and prices of farm-products. Many of the settlers are gradually gaining valuable experience, and with improved prospects for our primary products may ultimately be in a certain degree successful, or possibly, in some instances, entirely so. Taking all the circumstances into consideration we must put down soldier-settlement as being successful in the Southland District.

Table 1 of Replies to Questions 2, 3, and 4 of the Order Paper.

SUMMARY OF FINDINGS OF INQUIRY BOARDS IN RESPECT OF FARMS INSPECTED.

Questions 2, 3, and 4 on the Order Paper.	North Auckland.	Auckland.	Hawke's Bay.	Taranaki.	Wellington.	Marlborough.	Nelson.	Westland.	Canterbury.	Otago.	Southland.	Remarks.
	Per Cent. 70.6 (of 359 farms).	Per Cent. Not supplied. (734 farms).	Per Cent. 50 (of 505 farms).	Per Cent. 35 (of 389 farms).	Per Cent. 70 (of 753 farms).	Per Cent. 55 (of 200 farms).	Per Cent. 55.5 (of 372 farms).	Per Cent. 18 (of 25 farms).	Per Cent. 6 (of 430 farms).	Per Cent. 21½ (of 432 farms).	Per Cent. 17.7 (of 114 farms).	See example below. Farms actually inspected by Inquiry Board of respective districts.
The percentage of soldier farms where it is considered the farming operations have been unsuccessful. (The above percentage refers to farms where the occupation has so far been temporarily unsuccessful and includes failures.)												
The percentage of failures (permanent or temporary) due to each of the following causes :— (a.) Unsuitability of subdivision, sections being either too large or too small or not in keeping with configuration of the country (b.) Excessive rent or high price paid for the land (c.) Inexperience of farmer, wrong methods of farming or unsuitability of stock (d.) Insufficient working capital or the undeveloped or neglected state of the land (e.) High prices ruling for stock at the time of purchase and the subsequent slump, resulting in low prices for produce and stock (f.) High cost of building, fencing-material, implements, seeds, and manure at the time of purchase or selection (g.) Any other reason		* 23 (a to g)	..	5	12	5	1.4	..	..	..	4.6	Explanatory note.—Take Southland as an example: The Inquiry Board is of opinion that 17.7 per cent. of 114 farms inspected have so far been unsuccessful. This is due to the various causes, a, b, c, d, e, f, and g, and the estimated percentages are shown against each letter. The last column shows that 44.6 per cent. of the 17.7 per cent. of farms at present unprofitably occupied would have been successful in normal times.
		42 (b to f)	..	85 (including e and f)	35	21	39.3	80	35	100 (including a and d to f)	24.6	
		7 (c to f)	20 (c to f)	5	14	10	12.6	10	25	20 (also included in b)	21.5	
		26 (d to f)	80 (d to f)	5	11	25	22.4	3½	15	..	10.8	
		2 (including e, f, d, and g)	..	..	12	27	12.1	3½	..	..	32.3	
		..	..	..	15	12	0.5	3½	..	..	..
(g.) Any other reason		..	..	..	1	..	11.7	..	25	..	6.2	
Percentage of farms at present unprofitably occupied which would be successful under normal conditions and with good management	70	80	90	80	50	70	24.2	50	25	50	44.6	For explanation, see above.

* Not supplied, but deduced by Land Board from separate reports.

SUMMARY OF PERCENTAGES IN RESPECT TO THE 4,332 FARMS INSPECTED, AS DEDUCED FROM THE ABOVE TABLE.

- (1.) Percentage of successful farms 50.6
- (2.) Percentage of farms temporarily unsuccessful 50.7
- (3.) Percentage of failures 18.7

NOTE.—3,303 settlers failed to respond to the invitation for inspection, and it may be safely assumed that the percentage of successful farms will greatly exceed the percentage shown under number (1) above.

What action should be taken in regard to—(a) Those settlers who have proved themselves capable, industrious, and faithful in the observance of their obligations so far as their resources permitted; (b) those settlers who have failed to make the most of their opportunities?

NORTH AUCKLAND LAND DISTRICT.

“(a.) Those settlers who have proved themselves capable, industrious, and faithful in the discharge of their obligations, so far as their resources permitted. (b.) Those settlers who have failed to make the most of their opportunities.”

These questions are very fully dealt with both in the Board's general report and in the details on Form B regarding each individual settler.

NOTE.—The recommendations are for—(a) Remissions of rent; (b) remissions of instalments; (c) reduction of capital invested on mortgage; (d) reduction of capital values; (e) capitalization of instalments.

The Land Board does not concur in the recommendations, and, while admitting that small reductions are necessary in certain cases, suggests postponements of rents and instalments for fairly long periods.

AUCKLAND LAND DISTRICT.

(a.) A great majority are a good class of settler. It would be a good policy on the part of the Government to grant those settlers who are trying their best financial assistance to help them over the stress, and so prevent them having to go out, and get worse men in their places.

(b.) A good number of the “slackers” have been weeded out. There are still a few who will have to go out and make room for better men.

HAWKE'S BAY LAND DISTRICT.

With your permission we will take (b) first—

(b.) Every consideration should be shown these men in the light of what has happened within the last nine years. It must not be forgotten that many of them during the most impressionable period of their lives were engaged in an environment that cannot be considered such as to add to their efficiency in civil life; now they are back to be gradually absorbed into our community of successful settlers, to assist in rebuilding the war waste, to build up our export trade so that we may overcome the tremendous burden of debt that besets us, and generally to take a manly part in the reconstruction of this our wonderful Dominion. We feel they are entitled to whatever we can do for them in common-sense and reason, without interfering with the land-values of the Dominion, which we consider too serious a matter to entertain.

(a.) It would be most unfair not to give these men the opportunity of enjoying exactly the same privileges as Class B if they so desire.

TARANAKI LAND DISTRICT.

(a.) A very large number of settlers come under this heading, and we consider they merit every assistance by remissions of arrears; reduction of interest based on earning-value of land, and, in special cases, further advances to restock; manure pastures, &c. There are many cases of settlers who purchased sheep at £1 15s. and £2 per head in the boom and sold them during the slump at from 6s. to 10s. The loss on cattle was in proportion. The complete writing-off of their loss of capital must be considered.

(b.) In these cases there seems no option but to put the men off the land and replace them with men who will take a genuine interest in the farms. There are not many of this class among the settlers visited by us, but we cannot recommend helping men who will not help themselves.

WELLINGTON LAND DISTRICT.

That a revaluation be made of all soldier settlements and farms, and that all rents and interest be adjusted in accordance with such values; such valuations to be made retrospective to the 1st January, 1921. Settlers who are in arrear to get credit for difference in rent and interest, and those who have kept up their payments to receive a remission of the difference. Arrears after readjustment on valuation to be capitalized. Cancellation of arrears not favoured. In event of any settler whose value has been reduced selling at a profit within seven years, 50 per cent. of profit to be paid to the Crown.

Second mortgages are mostly held by the vendors of properties, and in view of the high prices paid for the land it is considered that holders of such mortgages must take an even chance with the purchaser. If after revaluation it is found that the second mortgage is of little or no value the holders thereof should be asked to release or reduce. If they fail to do so the Crown should foreclose.

Finance.—In case of land all under bush at time of selection the amount allowed for improvements should be increased to £3,500, and in case of large bush holdings the advances for stock should not be limited. On partly improved farms present maximum loan of £750 should be increased to £1,200.

In certain cases vacant lands to be offered to adjoining settlers or subdivided with view of offering additional areas to adjoining settlers.

Comprehensive drainage scheme recommended where land is wet and swampy; outlay to be met by striking a rate.

MARLBOROUGH LAND DISTRICT.

Recommendations are made on each individual case, but include—Remissions of rent and interest; reductions in capital on mortgage; revaluation of certain farms indicated; additional advances on current account; postponements of rent and instalments; postponed or reduced rents to be recovered if lessee sells at a profit; grouping of sections and rearranging of mortgages.

NELSON LAND DISTRICT.

Summary.

(a.) A postponement of all rent, interest, and instalment excepting perhaps interest on current account for any period during the currency of the lease or mortgage. That mortgages be extended for the period of postponement. Short postponements to be reviewed periodically. That where soldiers paid too much for their land the mortgages be reduced on revaluation and corresponding reduction in arrears be made. In cases of second private mortgages, Government to take power to reduce them. That arrears of interest and instalments be not written off, but that settlers be given seven years in which to pay same.

(b.) That if Government decides that failures have to leave the farms, it should devolve on the Government to find employment in some other vocation than farming.

Extended Report.

This question, as we have stated, presents very grave difficulties. In regard to those coming under (a), we are of opinion that everything possible should be done to keep the men on the places. This may be done, we suggest, by in all cases a postponement for a minimum period of one year of all interest, rents, and instalments due under the mortgages to the Government, excepting perhaps interest on current accounts relating to advances for stock and implements.

That the interest, rent, and instalments accruing for this period be met by extending the term for repayment of the mortgage for an additional year. The object of this suggested postponement is to enable the soldier settler to have the full benefit of the revenue produced by his farm for that period, so that he may be in a position to improve and develop it, and thus make his place a greater revenue-producing asset. Of course, in a number of cases it may be found that postponement for one year is not sufficient, but we do not consider that more than this period should be granted in the first place, so that the Government may be in a position to judge at the end of the year whether the settler has derived any benefit from the postponement and whether he is deserving of a further term. An inspection to determine this could be carried out, we suggest, by the officers of the Crown Lands Department, with perhaps some additional assistants; who could visit and report on the farms at the expiration of the first twelve months. In brief, the postponement would mean that a man would have eighteen months to find interest and instalments for six months.

Then again, in the cases where the settlers have paid for their land a sum in excess of the value, we suggest that the only course open is to have a revaluation of the properties, and the capital value written down to the amount of such revaluation, with a corresponding reduction in mortgages, which would mean also that the arrears of interest and instalments would have to be reduced in proportion also. This would, of course, result in a dead loss to the Government, but under the circumstances there does not appear to be any other remedy.

In regard to the large number of properties on which there are second mortgages, it is of course obvious that they must be dealt with in a similar manner, both in regard to reduction of capital and the postponement of interest. Special legislation would have to be brought down dealing with the matter, and empowering the Government to reduce the principal of all second mortgages proportionately to the amount written off by the Government, and making it unlawful for the mortgagees to call up any interest during the period of postponement on the Government mortgage, and lengthening the term of such second mortgages accordingly. This may appear a handicap on second mortgagees as a whole, but in the majority of cases they represent money left on by the vendors, who have been only too well paid for the properties, so that it is only right that they should bear a proportion of the loss, and that it should not all fall wholly on the shoulders of the Government.

Now, in regard to the amounts owing for arrears of interest and instalments, we do not think that the Government should write these off. If that were done it would mean that the failures would be profiting at the expense of the man who by hard work and industry and capability has made a success of his farm. Rather we suggest that a period not exceeding, say, seven years be allowed for the payment of all arrears of interest, &c., and that a nominal rate of interest also be charged on such arrears, for the reason above stated.

If assistance such as we have suggested be given to settlers who come under heading (a)—i.e., those whom we have classed as temporary failures—then if they look after their farms and work hard and conscientiously the great majority should “make good.” In regard to the men classed as successful and partially successful, we suggest that in all fairness to them, and in recognition of their hard work, they should be granted the same facilities as the others if they care to apply for it.

These remarks apply especially to those who own orchard properties, to whom we have earlier referred. Although many of them are classed as successful, having so far paid their way, yet we valued these properties as orchard properties under normal conditions and normal markets, and if the bottom falls out of the apple-markets, as seems quite probable, the places will be worth next to nothing as revenue-producing concerns.

Now, regarding those coming under heading (b), those whom we have classed as permanent failures, it is very hard to say what is the best course to adopt. In calling them permanent failures we were of opinion that they would not “make good” on the properties on which they now are. Some of them, about thirty-five in number, could possibly “make good” in other directions. Some are tradesmen who perhaps could be set up in their trades; others perhaps could do better on a much

smaller holding and of a different class. In the remaining fifteen cases it appears to us that they would be a great deal better off out of the places and doing ordinary work.

The best form of assistance we can recommend is that if the Government decide these men must go out, then it should devolve on the Government to find them employment in some other vocation than farming.

In the case of partnerships which have been classed as permanent failures, we think that in most of the cases the remaining partner who has stuck to the place should be given a smaller holding.

WESTLAND LAND DISTRICT.

(a.) In our opinion those settlers whose finances are not equal to their obligations would be best assisted by reducing, according to their circumstances, the rate of interest, either for a term or permanently, basing such reduction upon the present value of their land, stock, &c. The chief difficulty will be the second mortgages, as it cannot be expected that the State should make sacrifices to make them good. In many cases the amount of the second or third mortgages must be regarded as wholly lost, as the drop in prices of land has extinguished their value. In others the second mortgagee should co-operate in reducing his interest or principal, or both where necessary.

It would be better for the State to make some sacrifice in preference to realizing. A good settler will be put off his farm; realization may probably result in a loss, which had better be made for a proved settler who, with reasons for assistance in the manner above outlined, might become a success, and who otherwise will be thrown on the world to start afresh.

(b.) We cannot see that the Government should do otherwise than realize their securities to the best advantage.

CANTERBURY LAND DISTRICT.

(a.) Should receive further encouragement, and be allowed to continue in occupation of their holdings. Should be given further financial assistance in the manner more particularly set out in the soldier's individual papers.

(b.) In cases of leaseholds, lease should be cancelled. In cases of freeholds, security to be realized. Other prospective settlers to be given a chance to occupy the holdings.

OTAGO LAND DISTRICT.

(a.) In the case of settlement lands, the individual report on each settlement records recommendations calculated to meet the situation. No set line of action is proposed, as the better course seems to be to deal with each proposition as the exigency of the position demands.

Settlers under Section 2.—Admitting that nearly all land occupied by soldier settlers under section 2 was bought at too high a price, the question arises, what course should be adopted in order to place each settler on a sound basis, preserving a degree of equity individually and collectively, and not discriminating between those who have failed, or partially failed, to meet their obligations and those who have by private means, by greater energy and more practical methods, managed to meet all rents, interest, and instalments?

The mere question of any land being 10 or 20 per cent. too dear does not necessarily make for success or failure. It is the circumstance of settlement that counts. Area must be conformable with the class of land; the degree of practicability possessed by the settler, scope of productivity of the land and ratio of fertility, the state of existing fences and buildings, the general conditions regarding state of pasture, rotation in methods of cultivation, situation and other conditions, are all factors overshadowing the actual price paid.

To have sweeping all-round reductions made in the loans to settlers under section 2 in order to establish a universal value comparatively less than the actual purchase price is probably very desirable from the settlers' point of view, but this cannot be recommended as being practicable, for the following reasons: (1) The loan from the Crown very rarely represents the total purchase-money; (2) in many cases there are second and third mortgages; (3) invariably the settler or his relations found a fair percentage of the purchase-money.

The question arises, should any depreciation in capital value fall on the Crown, as first mortgagee, before the equity value of the subsequent mortgagee's and the owner's interest in the land has disappeared?

The only conclusion one can arrive at is that it is not politic to attempt any scheme of all-round readjustment of values in regard to lands advanced against under section 2.

The alternative is to deal with those cases only where it is ascertained that the settler's position demands relief.

(1.) Where the value is less than the settler's liability to the Crown, the settler to be re-established on a new basis of value if by doing so he is likely to succeed.

(2.) Where the Crown's advances are amply secured, but the value is not cover for other encumbrances, that the settler's position be stabilized by the discharge of all liabilities in excess of realization value. If the subsidiary mortgagee to the Crown refuses to fall in with this proposal, then, in the interest of the Crown and settler, steps should be taken to force the position.

(3.) It is recommended that where a second charge exists against land under mortgage to the Crown the equity in same should be purchased, and a further advance made to the settler for the amount. The existence of these hamper a settler in his operations, and can in most instances be negotiated for discharge with advantage.

(b.) "Those settlers who have failed to make the most of their opportunities." Fortunately there are only a limited number of these, and the best solution is to let them go out. They are probably more fitted for some other avenue of occupation and would never be satisfactory settlers.

SOUTHLAND LAND DISTRICT.

(a.) With respect to the settlers who have proved themselves capable, industrious, and faithful in the observance of their obligations so far as their resources permitted, we suggest that the utmost consideration be shown. In saying this it must not be inferred that such has not been done in the past; as a matter of fact it has, and we merely suggest a continuance of the present policy. Each case should be considered on its merits, and an effort should be made to discover the particular element that is lacking to success. That element should, we think, be supplied, provided, of course, that the resources of the country will not be unduly strained in the process.

(b.) The settlers who have failed to make the most of their opportunities are, generally speaking, like the poor and the unemployed: we suppose we shall always have them in our midst. No doubt each individual case should be thoroughly investigated, and the action to be taken should be determined by the result of the investigation. Where a settler has shown that he has no *nous* and is incapable of doing any good "on his own," the sooner he goes off his farm and goes to work for wages under capable direction the better for himself and the country. But where a settler shows that he is profiting by experience and is gradually becoming efficient, every encouragement to keep him on the land should be given.

What form of assistance (if any), financial or otherwise, should be afforded settlers by the Government?

NORTH AUCKLAND LAND DISTRICT.

As the aggregate amount involved will be a fairly large sum, we wish to indicate the alternative to granting concessions to enable the settlers to carry on. This appears to involve not only the almost total loss of instalment and interest now in arrears, but loss to the State by decreased production, while a number of farms would be unoccupied; the loss of such experience as the settlers have gained, and a probable addition to the number of unemployed.

The Board does not suggest that the recommendations on the individual forms "B" will solve all the settlers' problems, but we think that with average seasons and a more settled price for produce the concessions should enable the capable men to succeed.

There are many farms other than those for which we have recommended a reduction in value which we consider were purchased at too high a price, but which can be successfully worked under the other forms of relief recommended.

We found that a number of soldiers have paid land-tax for which it did not appear that they were liable. We recommend that they be advised of the conditions under which they are liable to the tax, or the reverse.

We recommend that for future legal work required in the transfer of soldier-settler farms a moderate maximum fee be prescribed similar to the State Advances Department, as we have been advised of cases where soldiers have been exploited by solicitors, making serious inroads into their already too limited capital.

Quite a large percentage of the farms when taken possession of by the soldiers were either totally unproductive or capable of yielding only a small return. The settlers having little capital were thus forced at once into arrears.

We recommend that provision be made for the principles of the Bush and Swamp Act to be applied to farms under the Discharged Soldiers Settlement Acts; that its application be made retrospective, so that deserving settlers may be granted up to four years' free of rent or instalment, with safeguards to ensure that improvements be made.

NOTE.—The Inquiry Board has recommended on individual reports the assistance which should be given from which the estimates of cost of relief have been compiled.

In several instances we found that timber and posts were being taken from the farms and sold, and the money taken for the personal use of the occupier. In one of these cases the settler was greatly in arrears with his payments. In fairness to the other settlers, and in the interest of the State, we consider that this should be stopped.

The Board finds that there has been lack of control in the advancement of money for improvement and purchase of stock. Men without experience, or being unaccustomed to the handling of money, have misdirected their efforts by the erection of buildings in excess of requirements; construction of sheep-proof fencing on cow farms; purchase of milking-machines for small herds; laying down of ploughed land in pasture without manure, and with unsuitable grasses; also in the purchase of too many or of high-priced cattle for insufficient or unsuitable feed.

We recommend that more efficient supervision be provided. We recognize the difficulty of obtaining the services of enough men with the required knowledge, zeal, and tact, but so much has been wasted in the past, and so much may be gained in the future, that we desire to emphasize the importance of this recommendation.

We find that the system of providing for payment by attaching a percentage of cream cheques has no uniformity in its operation, ranging from 10 per cent. to 60 per cent. of the monthly receipts, and having no relation to the liability of the settler or to his necessary requirements for living or proper farming. In other cases, where action was clearly required, no attachment has been made or asked for.

We recommend that where payments are not prompt, a statement be obtained showing the above relations, a levy made in accordance with individual conditions, and that the system be applied generally.

A number of the soldiers were placed on farms bought at prices beyond the amount which the Government was prepared to advance on first mortgage. In some cases the men paid the difference in cash, thus crippling their efforts from want of capital. There are many who gave a second mortgage, which, as the properties were bought at peak prices, are above the present value. The Board has advice of several second mortgagees who are willing to make valuable concessions. As these encumbrances interfere with further advances for improvement, and in many ways hamper the settler and the administration of the Land Board, we recommend that a general effort should be made to remove them. It is very largely a matter of negotiation, and we recommend that some capable and tactful men be appointed for the work, having authority to negotiate for the purchase by the Crown, or other method, with power to conclude an agreement, subject always to confirmation by the Minister.

There are cases where it seems right to sell up the property and buy it in to dispose of the undue burden; in such cases we recommend that favourable consideration be given to the occupant's claim to be reinstated at an adjusted valuation. The vendor having in most cases received a large cash payment, we submit that these readjustments should be made in the interest of the settler and of the State, in preference to that of any other mortgagee.

In many cases the failure of settlers to make good is attributable to the high prices and the poor quality of the dairy cows provided, many of which were culls and unprofitable. We have evidence that settlers were not allowed to sell unprofitable stock unless prepared to repay the difference between purchase and selling price in cash. We recommend that this restriction be removed, and facilities offered to dispose of unprofitable stock—only the price realized being required to be paid into current account.

We find that partnerships of soldier farmers have usually proved unsatisfactory, and we recommend that they be discouraged; also, that in cases where one partner has left the farm prompt measures should be taken by the Crown for the dissolution of the partnership, and the position of the remaining settler clearly defined. In cases where the remaining partner has proved his capacity he should be allowed to retain the farm.

A further cause of failure was the violent fluctuations in the value of produce, which occurred shortly after the inauguration of the system which has now given place to more settled and dependable prices.

The Board's inquiries have brought it to the conclusion that advances for the purpose of poultry-farming are a very unreliable investment. To a less extent the same applies to money advanced on bee and fruit farms.

We find that though many of the settlers when they took up land were possessed of little or no experience; they have now gained both a knowledge of the work and of the special characteristics of their particular farm or district, and we consider that this should weigh greatly in their favour when the question of assisting soldier settlers to carry on is being decided. We have carefully weighed the conditions under which the settlers live, and the heavy burden which the State has to bear, and we are of opinion that our recommendations throughout represents the minimum concession which will enable the settlers to succeed.

AUCKLAND LAND DISTRICT.

The form of assistance is indicated on the individual reports of the settlers, and comprises the following:—

- (a.) Greater flexibility and supervision in dealing with the requirements of the soldier settler.
- (b.) The provision of additional Rangers.
- (c.) The reduction of capital and principal in certain cases.
- (d.) Remissions and postponements of rent and instalment in certain cases.
- (e.) Capitalization of rent and instalment in certain cases, and additional advances on current account where required.
- (f.) Other forms of practical assistance, such as improved access, linking up of portions of unmetalled roads, improved drainage facilities, assistance to cope with the rabbit menace, &c.

HAWKE'S BAY LAND DISTRICT.

We are agreed after several months of inspection in the different districts that it is not so much the rents as the high prices they had to pay for their stock, fencing, building, &c., as well as the slump, that has crippled these men, and it is in this direction and their arrears that adequate relief can be afforded them. Wipe out one year's rent and interest thereon, and spread two years' arrears over last two years of agreement, or add it on. We only make this suggestion on account of the difficulty which presents itself with regard to men who have no stock loan from the Government, and who should not be penalized because of this. We think it should be distinctly understood that the remission of rent, if adopted, is only made as some recompense for the high prices paid for stock, &c., when buying, and the subsequent loss through slump, storms, and so on.

If occupier should sell out after ten years' occupancy, it be at discretion of Land Board to collect arrears before transferring to incoming tenant.

With regard to section 2 settlers, many mortgagees have been very generous in wiping large amounts off their mortgages, and some others have undertaken to do so if Government meets the tenant. We would suggest, therefore, that the same provision be made for their rental arrears where Government is interested, and that, in addition to this, three years' instalments, principal and interest, be postponed to the end of current instalment mortgage.

Please allow us to reiterate our recommendations as advocated in question (d), on page 16, with regard to future advances for fencing. Unimproved country such as some of this is cannot be handled in blocks of two or three up to five, six, or seven hundred acre paddocks, nor can small holdings be adequately worked if not in small paddocks. Fencing has now dropped to about half what it was a year or two ago, so quite a lot can be done with the amount we suggest.

If these recommendations are given effect to we believe it will be the solution of the "returned soldiers on the land" difficulty, for if they do not then "make good" with the world outlook for our products, the public cannot say they have not had a fair chance, and the sooner these lands are thrown open to civilians the better; indeed, it might be wise to do so in any case for large areas that are now lying waste might be taken up like hot cakes.

We know that men settled on such places as Porangahau, Tiratu, Nuhaka, and some others are on clover compared with others, but should we discriminate? We think not. It might be better for all concerned—landlord and tenant, Commissioners, Supervisors, and Rangers—to treat them all alike. Discrimination is always the signal for recrimination and bickering, and this is the very thing we wish to avoid.

TARANAKI LAND DISTRICT.

This cannot be dealt with in a general way. Every case must be considered on its merits and on business lines. In cases where values placed on farms are in excess of earning-capacity through fall in prices of produce or an error in the original valuation on which the farm was purchased, we suggest that if the Department accept the valuation made by the Board of Inquiry the annual interest be assessed at 5 per cent. on that valuation, but that the original mortgage be not reduced. Thus any one purchasing a soldier's farm would be liable for the original amount of the purchase-money on mortgage. This would curb speculation in the event of a boom occurring, and would minimize losses to the Department. We therefore recommend the reduction of interest and not capital, except in cases where land is unapplied-for or abandoned (cases in point—Haybittle, Little, and Bartholomew).

We wish to draw your attention to the serious position many soldier settlers will find themselves in during the next two or three years in respect to second mortgages falling due on their farms. There is no prospect of any lending institution advancing them money on the security of second mortgages, and a man who has made a good start may lose all his hard earnings through his liability under his personal covenant in his mortgages.

The appointment of advisers to assist in the settlement of difficult cases would, we suggest, be of great assistance to the Department.

We recommend that a practical farmer be appointed in Taranaki, and one in the Ohura and Taumarunui districts, to assist the Rangers in the management of the farms of those in difficulties, to advise as to the best method of working their farms, and report to the Land Board. These men could advise in the matter of stock-purchases also.

WELLINGTON LAND DISTRICT.

We recommend, in view of the importance of placing settlers on a sound footing, that a revaluation be made of all soldiers' settlements and farms, and that all rents and interest on land be adjusted in accordance with such values, but in no case should the rentals or instalments be increased.

We further recommend that this valuation be made retrospective as from the 1st January, 1921; thus the settler who is in arrears would (if any reduction in value is made) get credit for a period of slightly over two years and a half for the difference in rent and instalments as at present charged and what it would be under the new valuation. The settler who has kept his payment up would get credit for a like amount, which would be remitted from his rent. The arrears, which in most cases will probably be reduced by the new valuation, should be capitalized. For various reasons we are not in favour of the cancellation of arrears.

We further recommend that in the event of any settlers whose values have been reduced as a result of the new valuation selling out at a profit within a period of, say, seven years from date of new adjustment, 50 per cent. of his profit be paid to the Crown.

When the new valuation is completed and necessary adjustments made the settlers will then be placed on a sound footing, and should be made to understand that no further leniency will be shown unless exceptionally good reasons can be given. A small proportion of settlers, for various reasons, and under any circumstances, are never likely to succeed; these should have no consideration, and should make room for men who will do some good on the land.

Second Mortgages.—These mortgages are mostly held by the vendors of properties purchased under section 2 of the Discharged Soldiers Settlement Amendment Act, 1917; and, in view of the high prices paid and that they have already received a large amount in cash, we are of opinion that they must stand an even chance with the purchaser, and if, after the new valuation already referred to is made, it is found that the second mortgage is of little or no value, they should be requested to release or reduce their mortgages accordingly; and if they fail to do so, the Crown, to protect the settlers, should foreclose, as settlers should not be asked to pay interest beyond the actual value of the land.

Finance.—We have fully referred to this matter in paragraph 10, and recommend, in the case of land all under bush at time of selection, that the amount allowed for improvements be increased to £3,500, and advanced on a sliding scale according to requirements, and that in the case of large bush holdings the advance for stock should not be limited. In the case of partly improved farms, we recommend that the present maximum loan of £750 be increased to £1,200.

That in regard to sections too small for purpose used (referred to in paragraph 6), we recommend that if any of these sections become vacant they should first be offered to the holder of a similar adjoining section, or, if of sufficient area, divided between the two adjoining settlers.

In regard to wet and swampy settlements (referred to in paragraph 3A), we are of opinion that several of these settlements cannot be satisfactorily drained unless by some comprehensive scheme: we recommend that this be undertaken by the Department, and a rate struck to cover cost.

MARLBOROUGH LAND DISTRICT.

Recommendations are made on each individual case, but include—Remissions of rent and interest; reductions in capital on mortgage; revaluation; additional advances on current account; postponements of rent and instalments; postponed or reduced rents to be recovered if lessee sells at a profit; grouping of sections and rearranging of mortgages.

NELSON LAND DISTRICT.

Recommendations regarding assistance, financial or otherwise, are given under the previous heading, and may be summarized as follows:—

- (a.) Postponement of all rents and interests due for a minimum period of one year, and the position reviewed to ascertain if the settler is deserving of a further postponement.
- (b.) In cases where settlers paid too much for the land, a revaluation to be made, and corresponding reduction in rent and interest.
- (c.) Where there are second private mortgages the Crown, in the event of a reduction in the first mortgage, to have power to reduce the principal owing under the second mortgage.
- (d.) Arrears not to be written off but extended over a period of, say, seven years.
- (e.) That other employment be found for those settlers who have failed and are obliged to leave their farms.

WESTLAND LAND DISTRICT.

We are of opinion that in place of money advances it would be better to help by remission or suspension and postponement of payments accruing due, according to the circumstances in each case. We think the settlers are not sufficiently conscious of the fact that every additional amount borrowed has to be paid back with interest, thus adding to their annual burden. By rendering assistance in the way indicated the settler would realize that it is out of his earnings that he must meet his obligations, and we feel sure that this course would result in more careful expenditure and better management.

Every case has its own peculiar feature, and it would be impossible to devise a rule that would meet every condition. We suggest that the Land Board should be given wide discretionary powers to enable it to deal satisfactorily with the cases coming before it.

We suggest interest instead of capital reductions, for the following reasons: (1) It would discourage second mortgages and preserve the State's capital value; (2) it is a flexible and easily adjusted method of assistance; (3) protect the State's interest in cases of sale by the settler; (4) can be capitalized and final payment postponed when the prospects justify such a course.

CANTERBURY LAND DISTRICT.

Remission of rent; reduction of rent; remission of instalments, principal and interest; remission of interest; reduction of capital value of land; increased financial assistance for buildings and stock.

OTAGO LAND DISTRICT.

Apart from the recommendations made earlier in this report and from those contained in the individual reports, it should be accepted as a general principle in dealing with all matters arising therefrom that it is essential at this stage to re-establish on a sound financial basis all good settlers who have practically got into a state of bankruptcy through no fault of their own. Each case should be dealt with on its merits.

If it is decided to reduce capital values or rents, or write down advances against land, we repeat the recommendations made in the Gladbrook report—"In all cases where the original capital value, &c., is reduced, tenants who may subsequently, and within a period of ten years, dispose of their holdings shall pay to the Crown 75 per cent. of the amount of any goodwill received as shall be in excess of the then actual value of all permanent improvements."

Arrears of Rent and Interest.—This is a very difficult problem. There are tenants who, through self-denial and perseverance, have done their best to meet engagements, but are still in arrears; there is another class who, similarly situated, did not make any special effort to pay; there are those who, no matter how much they tried, were up against inevitable failure through climatic conditions and consequent failure in their operations; some had originally more capital than others, and devoted part of it to payment of rent which could not be paid from revenue. There are cases where a tenant's liabilities now exceed his assets, and he cannot be expected to meet his arrears out of revenue; others whose balance-sheet discloses a surplus of visible assets over liabilities but no liquid assets. In the latter case, arrears could be converted into a loan, as a charge, or additional charge, against such assets. In the former case it seems to me the only alternative is to write off such amount as is in excess of visible capital. Our opinion, after giving the matter of arrears careful consideration, is that each case should be considered and dealt with on its merits, and in conjunction with the revision of capital value. There are cases, for instance, where an allowance regarding rent may meet the position instead of a reduction in capital values.

An effort should be made to place settlers in such a position that their current accounts for stock and chattels advances can be taken over by regular stock and station agents. The Crown is not in a position to satisfactorily handle this class of business, and it would be better for all concerned if it were eliminated from the functions of the Lands Department. The stock and station agents have

special facilities for handling this class of business. They have agents in every centre who are able to keep in touch with clients and control advances. The present system leads to complications, is cumbersome in its operations, and has a tendency to place soldier settlers in a subordinate position which deprives them of initiative in their dealings. It would pay the Government to enter into arrangements with accredited stock and station companies to take over soldier settlers' current accounts and finance the companies against advances made, charging interest at 5 per cent., on condition that the settler was not charged more than 1 per cent. in addition. Unless something of this sort is done, the supervision and control of current-account advances, in order to be effective, will require special and costly administration.

Special Advances for Lime.—There are quite a number of properties where the use of lime would greatly improve the productive value, and it is recommended that every facility be given to settlers to carry this into effect. The advance for this purpose should be treated as a special loan, repayable in five yearly instalments, and not necessarily secured by any lien or charge against the property.

SOUTHLAND LAND DISTRICT.

Repeating again our previous statement that each case should be treated on its merits, we suggest that assistance be given on the following lines :—

- (a.) That rents of settlement sections be reduced in cases where estates have been purchased at more than their present-day values.
- (b.) That arrears of rents in certain cases be written off.
- (c.) That overdue instalments in certain cases be allowed to stand over for a period of (say) five years, provided that current payments are kept up to date.
- (d.) That, in certain cases, lime be supplied on the most generous terms possible, notwithstanding that the amount of money already advanced may be up to the prescribed limit.
- (e.) That subsidies be granted to any River Boards that may be set up for the purpose of draining and reclaiming lands held by soldier settlers.

APPENDICES.

Appendix A.—Statement of Position by Settlers—

Crown and Settlement Land.

Under Section 2, Discharged Soldiers Settlement Amendment Act, 1917.

Appendix B.—Report by Inquiry Board on each Holding—

Crown and Settlement Land.

Under Section 2, Discharged Soldiers Settlement Amendment Act, 1917.

“ A ”

(To be sent out to soldier settlers holding Crown and settlement lands.)

LANDS AND SURVEY DEPARTMENT.

STATEMENT OF POSITION

of

(Name in full.)

(Address.)

Property.—Section: _____ Block: _____ District: _____

Area: _____ Tenure: _____

Price paid for freehold £

Price paid for leasehold (goodwill and improvements) £ _____

Sheep on Hand.

Number.

Value per Head.

£

s.

d.

Ewes	....	....	_____	_____	_____	_____
Wethers	....	....	_____	_____	_____	_____
Hoggets	....	....	_____	_____	_____	_____
Rams	....	....	_____	_____	_____	_____

Cattle.

Dairy cows	....	....	_____	_____	_____	_____
Breeding-cows	....	....	_____	_____	_____	_____
Bullocks	....	....	_____	_____	_____	_____
Heifers	....	....	_____	_____	_____	_____
Bulls	....	....	_____	_____	_____	_____

Horses.

Draught	....	....	_____	_____	_____	_____
Hacks	....	....	_____	_____	_____	_____

Pigs	_____	_____	_____	_____
------	------	------	-------	-------	-------	-------

Implements and Working Plant.

Estimated to be worth

TOTAL £

FINANCIAL POSITION.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
State Advances loan				Value of owner's or lessee's interest			
Loan from Government to finance purchase of property				Value of stock			
Loan from Government for stock and improvements				Value of crops			
Private loans—				Value of impleménts			
(Mortgagee) @ %				Value of milking-machine			
(Mortgagee) @ %				Milk bonus to be received			
(Mortgagee) @ %				Sundries			
Arrears of rent				Cash in hand or in bank			
Arrears of instalment of principal and interest							
Arrears of rates							
Postponements falling due during period—							
Rent							
Instalments of principal and interest							
Arrears of interest on private loans							
Balance account for milking-machine, &c.							
Other accounts							
Total	£			Total	£		

ESTIMATED RECEIPTS AND EXPENDITURE

UP TO 30th JUNE, 1923.

ESTIMATED RECEIPTS.

	£	s.	d.
_____ lb. wool @_____ per lb.			
_____ sheep @_____ per hd.			
_____ lambs @_____ per hd.			
_____ cattle @_____ per hd.			
_____ dairy cows @_____ per hd.			
_____ calves @_____ per hd.			
_____ lb. butterfat @_____ per lb.			
Poultry			
Eggs			
Fruit (large)			
Tomatoes, strawberries, &c.			
_____ bushels wheat			
_____ bushels oats			
_____ bushels barley			
_____ lb. clover-seed			
_____ lb. cocksfoot			
_____ lb. linseed			
_____ bushels peas			
_____ tons potatoes			
_____ bushels rye-grass....			
Other receipts, such as grazing, &c.			
Total	£		

ESTIMATED OUTLAY.

	£
Annual rent	£
Annual instalment on Govern- ment loan	£
Interest on current account with Government	£
Interest on private mortgages on security of property	
Interest on private loans for stock, crops, &c.	
Rates, taxes, and insurances	
Improvements—	
Fencing	
Buildings	
Repairs	
Cultivations—	
Ploughing	
Manures	
Sowing	
Cost of seeds	
Harvesting	
Shearing-expenses	
Dipping, insurance on wool, &c.	
Cartage on wool and farm products, if any	
Wages in working-expenses on farms	
Purchase of further stock—	
Sheep	
Cattle	
Pigs	
Dairy cows	
Payments for milking-plant other than to the Department	
Cost of upkeep, benzine, and oil in connection with the milking-plant	
Living-expenses	
Total	£

PRODUCE ON HAND.

FOR SALE.

Description. Bushels.

Wheat, first grade	....	....
Wheat, second grade	....	....
Oats ....	....	....
Grass-seed	....	....
Clover	....	....
Linseed	....	....
Barley	....	....
Rye ....	....	....
Rape and turnips	....	....
Other produce ....	....	....
Total	....	....

ACREAGE UNDER CROP.

Acres. Estimated Yield in Bushels.

wheat	....	....
oats ....	....	....
grass for seed	....	....
clover	....	....
linseed	....	....
barley	....	....
rye ....	....	....
rape and turnips	....	....
potatoes	....	....
other crops	....	....
total acreage under crop	....	....
Total	....	....

CONDITION OF PROPERTY.

- _____ acres in good pasture.
- _____ acres in worn-out pasture.
- _____ acres in orchard.
- _____ acres bush land, felled and grassed.
- _____ acres bush land, felled and stumped.
- _____ acres swamp land.
- _____ acres in kouch and twitch, &c.

The property has not paid its way for the following reasons :—

Signature : _____
Address : _____
Date : _____

“A”

(To be sent out to soldier settlers under section 2.)

LANDS AND SURVEY DEPARTMENT.

STATEMENT OF POSITION

of

(Name in full.)

(Address.)

Property.—Section : _____ Block : _____ District. _____

Area : _____ Tenure : _____

Price paid for freehold £

Price paid for leasehold (goodwill and improvements) £ _____

Sheep on Hand.

Number.

Value per Head.

£

s.

d.

Ewes

Wethers

Hoggets

Rams

Cattle.

Dairy cows

Breeding-cows

Bullocks

Heifers

Bulls

Horses.

Draught

Hacks

Pigs

Implements and Working Plant.

Estimated to be worth

TOTAL £

FINANCIAL POSITION.

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.
State Advances loan				Value of owner's or lessee's interest	....			
Loan from Government to finance purchase of property				Value of stock	....	....	
Loan from Government for stock and improvements				Value of crops	....	....	
Private loans—						Value of implements	....	....	
..... (Mortgagee.)	..... @	..... %				Value of milking-machine	....	....	
..... (Mortgagee.)	..... @	..... %				Milk bonus to be received	....	....	
..... (Mortgagee.)	..... @	..... %				Sundries	....	....	
Arrears of rent				Cash in hand or in bank	....	....	
Arrears of instalment of principal and interest									
Arrears of rates									
Postponements falling due during period—											
Rent									
Instalments of principal and interest									
Arrears of interest on private loans									
Balance account for milking-machine, &c.									
Other accounts									
Total	£			Total	....	....	£

ESTIMATED RECEIPTS AND EXPENDITURE

UP TO 30th JUNE, 1923.

ESTIMATED RECEIPTS.

	£	s.	d.
_____ lb. wool @ _____ per lb.			
_____ sheep @ _____ per hd.			
_____ lambs @ _____ per hd.			
_____ cattle @ _____ per hd.			
_____ dairy cows @ _____ per hd.			
_____ calves @ _____ per hd.			
_____ lb. butterfat @ _____ per lb.			
Poultry			
Eggs			
Fruit (large)			
Tomatoes, strawberries, &c.			
_____ bushels wheat			
_____ bushels oats			
_____ bushels barley			
_____ lb. clover-seed			
_____ lb. cocksfoot			
_____ lb. linseed			
_____ bushels peas			
_____ tons potatoes			
_____ bushels rye-grass....			
Other receipts, such as grazing, &c.			
Total	£		

ESTIMATED OUTLAY.

	£	s.	d.
Annual rent	£		
Annual instalment on Govern- ment loan	£		
Interest on current account with Government	£		
Interest on private mortgages on security of property			
Interest on private loans for stock, crops, &c.			
Rates, taxes, and insurances			
Improvements—			
Fencing			
Buildings			
Repairs ...			
Cultivations—			
Ploughing			
Manures			
Sowing			
Cost of seeds			
Harvesting			
Shearing-expenses			
Dipping, insurance on wool, &c.			
Cartage on wool and farm products, if any			
Wages in working-expenses on farms			
Purchase of further stock—			
Sheep			
Cattle			
Pigs			
Dairy cows			
Payments for milking-plant other than to the Department			
Cost of upkeep, benzine, and oil in connection with the milking-plant			
Living-expenses			
Total	£		

PRODUCE ON HAND.

FOR SALE.

Description. Bushels.

ACREAGE UNDER CROP.

Acres. Estimated Yield in Bushels.

Wheat, first grade	....	....	wheat	....	....
Wheat, second grade	....	....	oats ....	....	....
Oats ....	....	....	grass for seed ...	....	....
Grass-seed	....	....	clover	....	....
Clover	....	....	linseed	....	....
Linseed	....	....	barley	....	....
Barley	....	....	rye ....	....	....
Rye ....	....	....	rape and turnips	....	....
Rape and turnips	....	....	potatoes	....	....
Other produce ....	....	....	other crops	....	....
			total acreage under crop		
Total	....	....	Total	....	....

CONDITION OF PROPERTY.

- _____ acres in good pasture.
- _____ acres in worn-out pasture.
- _____ acres in orchard.
- _____ acres bush land, felled and grassed.
- _____ acres bush land, felled and stumped.
- _____ acres swamp land.
- _____ acres in kouch and twitch, &c.

The property has not paid its way for the following reasons :—

Signature : _____
Address : _____
Date : _____

“ B.”

FOR PARTICULARS OF CROWN AND SETTLEMENT FARMS.

NATURE OF HOLDING: _____

Name: _____ Address: _____

Section _____, Block _____ District. _____

Settlement. Area: _____

Capital value	....	....	£	:	:	Annual rent	....	....	£	:	:
Loan under section 2, Amend- ment Act, 1917	....	£	:	:		Annual instalment	....	....	£	:	:
Current Account advances	....	£	:	:		Annual interest (approximately)	£	:	:		
		£	:	:			£	:	:		

Arrears at 30th June, 1922—

Rent	....	....	....	....	....	£	:	:
Rent postponed to						£	:	:
						£	:	:
Instalments on loan	....	....	....	....	....	£	:	:
Instalments postponed to						£	:	:
Interest on Current Account	....	....	....	....	....	£	:	:
Interest postponed to						£	:	:
						£	:	:

My Board is of the opinion that the present position of the settler in this case is due to the following reason:—

- (a.) Unsuitability of subdivision, sections being either too large or too small, or not in keeping with the configuration of the country.
- (b.) To excessive rent or high price paid for land.
- (c.) To inexperience of farmer, wrong methods of farming, or unsuitability of stock.
- (d.) To insufficient working capital, or the undeveloped or neglected state of the land.
- (e.) To high prices ruling for stock at the time of purchase and subsequent slump, resulting in bad seasons and low prices for produce.
- (f.) To high cost of building, fencing material, implements, seeds, and manure at the time of purchase or selection.
- (g.) To any other reasons.

Chairman.

N.B.—To record decision, please strike out all reasons not appropriate.

“ B.”

FOR PARTICULARS OF FARMS UNDER SECTION 2.

NATURE OF HOLDING: _____

Name: _____ Address: _____

Section _____, Block _____ District. _____

Settlement.				Area: _____			
Capital value	....	....	£ : :	Annual rent	....	....	£ : :
Loan under section 2, Amend- ment Act, 1917	....	£	: :	Annual instalment	....	....	£ : :
Current Account advances	....	£	: :	Annual interest (approximately)	£		: :
		£	: :			£	: :

Arrears at 30th June, 1922—

Rent	....	....	....	....	£	: :
Rent postponed to _____					£	: :
					£	: :
Instalments on loan	....	....	....	....	£	: :
Instalments postponed to _____					£	: :
Interest on Current Account	....	....	....	....	£	: :
Interest postponed to _____					£	: :
					£	: :
					£	: :

My Board is of the opinion that the present position of the settler in this case is due to the following reason:—

- (a.) Unsuitability of subdivision, sections being either too large or too small, or not in keeping with the configuration of the country.
- (b.) To excessive rent or high price paid for land.
- (c.) To inexperience of farmer, wrong methods of farming, or unsuitability of stock.
- (d.) To insufficient working capital, or the undeveloped or neglected state of the land.
- (e.) To high prices ruling for stock at the time of purchase and subsequent slump, resulting in bad seasons and low prices for produce.
- (f.) To high cost of building, fencing material, implements, seeds, and manure at the time of purchase or selection.
- (g.) To any other reasons.

Chairman.

N.B.—To record decision, please strike out all reasons not appropriate.

PART II.

REMARKS AND RECOMMENDATIONS BY THE UNDER-SECRETARY, ACCOMPANIED BY SCHEDULE OF ESTIMATED COST OF GIVING EFFECT TO RECOMMENDATIONS BY THE INQUIRY BOARDS AND THE LAND BOARDS, TOGETHER WITH OPINIONS OF LAND BOARDS ON THE INQUIRY BOARDS' REPORTS.

SIR,—

Department of Lands and Survey, Wellington, 14th July, 1923.

Further to my letter of even date forwarding reports and a summary of the various Inquiry Boards' findings, I desire to submit the following remarks and recommendations for your consideration viz. :—

REMARKS.

Some of the Inquiry Boards have not replied strictly in terms of the order of reference, and where it has been necessary to do so replies to the several questions unanswered have been deduced from the general reports.

It will be observed that in neither the summarized nor individual reports have the several Inquiry Boards estimated for their respective districts the approximate cost of giving effect to the recommendations. It has therefore devolved on the various Commissioners to exhaustively examine the units of each report in order to arrive at the cost under separate financial headings.

A perusal of the various reports by the Inquiry Boards will show that the recommendations made and proposals submitted may be summarized as follows :—

1. Remission of rent.
2. Remission of instalments.
3. Remission of interest.
4. Revaluation in certain cases, with consequent reductions of capital values or reductions in mortgages.
5. Postponement of rents, interest, and instalments.
6. Postponed rents, interest, &c., recoverable on sale at a profit.
7. Overdue instalments to be allowed to stand over for varying periods.
8. That arrears be not written off, but extended over a period of seven years.
9. Additional advances on current account.
10. Grouping of sections in certain cases, and rearrangement of leases and mortgages.
11. In cases of reduction of Crown's first mortgage, Government to have power to reduce private second mortgages.
12. That the Government find other employment for hopeless cases.
13. That subsidies be granted to River and Drainage Boards where sections held by soldiers are drained.
14. That where lands are too dear, the Department accepts interest at 5 per cent. of Inquiry Board's valuation, but that the principal owing under the mortgage be not reduced.
15. The appointment of advisers (practical farmers) to assist and advise in connection with difficult cases.
16. That advances sufficient for the improving of a section, including erection of buildings, be made, and, in addition, up to £750 for stock.
17. That all building loading be repayable by a sinking fund of 1 per cent. for a period of 36½ years.
18. That if rent or mortgage principal be reduced, and settler sells within ten years, 75 per cent. of the amount of the goodwill as shall be in excess of the then value of the permanent improvements shall be payable to the Crown.

19. That if an occupier who has received a reduction sells out after ten years' occupancy, it be at the discretion of the Land Board to collect arrears before transferring.
20. Suggestion *re* stock and station agents taking over current account.
21. That stock accounts held by firms be taken over by the Government.
22. That advances for lime be treated as special advances.
23. In connection with a second mortgage under section 2 :—
 - (a.) Where the value is less than the settler's liability to the Crown, the settler to be re-established on a new basis of value, if by doing so he is likely to succeed.
 - (b.) Where the Crown's advance is amply secured, but the value is not covered by other encumbrances, that the settler's position be stabilized by the discharge of all liabilities in excess of realization value. If the subsidiary mortgagee to the Crown refuses to fall in with this proposal, then in the interest of the Crown and the settler steps should be taken to force the position.
 - (c.) That where a second charge exists against land under mortgage to the Crown, the equity in same should be purchased and a further advance made to the settler for the amount. The existence of these hamper a settler in his operations, and can in most instances be negotiated for discharge with advantage.
 - (d.) That capable and tactful men be appointed to endeavour to make satisfactory arrangements with holders of private mortgages subsequent to the Crown's security.
 - (e.) That no concession be made in cases of second private mortgages unless the second mortgagee will allow similar concessions.
24. To remit one year's rent or interest and postponement of two years' rent or interest to end of term. Recommendation to be general and to apply to all settlers.
25. That pound-for-pound subsidy be granted for the eradication of blackberry.
26. In certain cases, management of soldier farms to be placed in the hands of suitable trustees.
27. Government to guarantee fruitgrowers on export of fruit.
28. That the limit of advances for large bush sections be increased to £3,500.
29. That there be no limit regarding advances for stock on large bush sections.
30. That the limit of advances on partly improved farms be raised from £750 to £1,200.
31. That reliable and tactful men be appointed to interview second mortgagees.
32. That assistance be given to cope with the rabbit pest.
33. That in certain cases better road access be provided.
34. That additional Rangers be appointed.

Referring to Schedule 1 appended hereto and summarized below, showing the estimated cost of giving effect to the various recommendations made by the Inquiry Boards and the estimated cost of giving effect thereto as modified by the Land Boards, it must be recognized that the figures are approximate only. The utmost care has, however, been exercised in the compilation of the figures, and it is considered that the schedule gives a very fair estimate of the position.

A perusal of the schedule will show the cost as under :—

	Estimates calculated on Inquiry Boards' Recommendations. £	Estimates calculated on Land Boards' Recommendations. £
Loss of capital	1,255,634	995,383
Annual loss of rent and interest owing to reduction of capital ..	62,906	49,236
Immediate loss of rent and interest on remission	472,453	363,829
Postponements	408,194	537,429
Capitalization	46,074	7,220
Additional money required for current account beyond present limit	293,220	255,820

It is in this Schedule 1 that the conflict of opinion between several of the Inquiry Boards and the Land Boards shows out.

In several instances they are not in accord, but in others are quite agreed. The reports of the Commissioners of Crown Lands, giving the conclusions and deliberations of the several Land Boards arising out of their meetings with the Inquiry Boards, are appended hereto, and bring out prominently the points of disagreement. Each Land Board spent some days considering the Inquiry Board's report concerning the former's district, and much weight must be attached to the expressed opinions of these gentlemen, who are very familiar with the districts which they respectively administer.

There is no difference of opinion between Land Boards and Inquiry Boards in the principal issue at stake—viz, that assistance is necessary: both Boards' answers are in the affirmative. They, however, disagree in some cases as to the form the assistance should take. In North Auckland District, for example, the Inquiry Board's recommendations are for revaluation, remission, and capitalization; while the Land Board's recommendations are principally for postponement of rent and interest. In this connection, Schedule 1 shows at a glance in what direction the assistance is recommended by the Inquiry Board and Land Board respectively.

The point is particularly stressed that, although notices were issued to every soldier settler, approximately 7,625, applications for inspection and consideration were received from only 4,322 settlers.

Subdivision A of Schedule I shows the estimated cost of the assistance recommended in respect of the 4,322 settlers who applied. It was recognized that out of the remaining 3,303 settlers there would be a number who, for several reasons, had failed to apply, and although the onus of so doing rested entirely with these settlers, yet, even assuming that the Department would be warranted in coming to the conclusion they were satisfied and well placed, nevertheless it is felt that a mistake would be made if assistance were granted only to those settlers who made application.

It was realized that there is a general feeling throughout the Dominion, and especially among soldier farmers themselves, that assistance would be generally distributed. There was also the point to remember that the apparently successful men, who had met all their obligations, would be placed at a financial disadvantage as compared with their neighbours who had taken full advantage of the privileges already extended. It was therefore decided to prepare an estimate as per Subdivision B to meet any cases arising, such relief to be on the same lines as set out in Subdivision A.

It is taken for granted that it is the desire of the Government to extend assistance to all soldier farmers who are in need thereof, and therefore it would be invidious to make a distinction between applicants and non-applicants. Subdivision C of the Schedule gives the estimated total cost of both classes of settlers under the various headings. The summary of costs has already been referred to.

It is now proposed to make special mention of important subjects arising out of the general report.

MORTGAGES UNDER SECTION 2 OF THE DISCHARGED SOLDIERS SETTLEMENT ACT, 1917.

In cases where the Crown holds first mortgage and there are no subsequent private mortgages, the procedure is simple, provided the necessary legislation is passed enabling a reduction in principal to be made, and such legislation is tantamount to a revaluation—i.e., the holders of the land under mortgage would receive practically the same treatment as the holders of leases who obtain a revaluation. The revaluation question is dealt with later.

Turning to those cases where the Crown's first mortgage is followed by subsequent private mortgages, the position is much more complex, and it is extremely difficult to advise as to the most satisfactory solution.

The following are extracts from some of the reports of the Inquiry Boards dealing with second private mortgages:—

(a.) "The Department's valuations of land are generally very sound and not inflated, but many of the settlers who are now in difficulties bought their land at high prices above the Department's valuation and against the Department's advice, and gave second mortgages for the balance of the purchase-money. In these cases the second mortgages, owing to the drop, have ceased to have any value."

(b.) "Where the Crown is amply secured, but the value is not covered by other encumbrances, that the settlers' position be stabilized by the discharge of all liabilities in excess of realization value. If the subsidiary mortgagees to the Crown refuse to fall in with this proposal, then, in the interests of the Crown and the settlers, steps should be taken to force the position."

(c.) "The Board would like to draw attention to the fact that considerable trouble has been caused over advances made under section 2 of the 1917 Act, where in some instances very high prices have been paid for the freehold. The land was sold at an excessive value, and in many cases the Government advanced up to 90 per cent. of the purchase price. The sale of the security at present values would show a very great loss to the Government."

"It is of frequent occurrence that the second and third mortgagee is also the original vendor, and through his selling the land at very high prices and taking as security a second or third mortgage for the balance of the purchase-money (on present-day values these mortgages are of little or no value), any financial assistance recommended to the soldier would only add to the value of the second mortgagee's security. For this reason, when making a recommendation for financial assistance to the soldier, it has been made a condition that the second mortgagee should allow the soldier a similar concession, as indicated on the individual papers. If this were not insisted upon, any assistance given by the Government to the soldier would simply enhance the security of the second mortgagee. Interested commercial firms are treated in the same way as private mortgagees where the stock is not sufficient to cover the amount of the advance."

(d.) "A number of the soldiers were placed on farms bought at prices beyond the amount the Government was prepared to advance on first mortgage. In some cases the men paid the difference in cash, thus crippling their efforts from want of capital. There are many who gave a second mortgage, which, as the properties were bought at peak prices, are above the present value. The Board has advice of several second mortgagees who are willing to make valuable concessions. As these encumbrances interfere with further advances for improvement, and in many ways hamper the settler and the administration of the Land Board, we recommend that a general effort should be made to remove them. It is very largely a matter of negotiation, and we recommend that some capable and tactful men be appointed for the work, having authority to negotiate for the purchase by the Crown, or other method, with power to conclude an agreement, subject always to confirmation by the Minister."

"There are cases where it seems right to sell up the property and buy it in to dispose of the undue burden; in such cases we recommend that favourable consideration be given to the occupant's claim to be reinstated at an adjusted valuation. The vendor having in most cases received a large cash payment, we submit that these readjustments should be made in the interest of the settler and of the State, in preference to that of any other mortgagee."

One Board advised that legislation be passed empowering the Government to reduce the principal of second private mortgages by an amount equal to the amount of any reduction by the Crown of the first mortgage, and made the following remarks in regard thereto :—

“This may appear a handicap on second mortgagees as a whole, but in the majority of cases the mortgages represent money left on by the vendors, who have been only too well paid for the properties, so that it is only right they should bear a proportion of the loss and that it should not fall wholly on the shoulders of the Government.”

It has been ascertained by careful analysis that the majority of the subsequent private mortgages are held by the vendors of the land, and in some cases such mortgages are, owing to the drop in values, practically worthless. In such cases it is obvious that any reduction made by the Crown in the first mortgage would operate only in the interests of the second mortgagee, *as it would enhance the value of an almost worthless security by the amount of the Crown's reduction.*

Again, where the second mortgage is of some value the same remarks apply, as the reduction on the first mortgage would *only increase the value of subsequent encumbrances.*

It is difficult and unreasonable to recommend the adoption of the suggestion to take power to reduce private mortgages, as such action would interfere too much with private as well as existing statutory rights. Further, no reduction is recommended so long as there are subsequent heavy encumbrances. It is for the holders of such encumbrances to reduce to a fair value. In many cases, according to recent official reports and Inquiry Boards' reports, the vendors have been well paid for land already. It is in the interests of the subsequent mortgagees to reduce to a fair and reasonable value, otherwise the settler cannot carry on.

In accordance with the established practice of the Lands Department, it is considered, in all cases where the settler is likely to fail on account of heavy private liabilities, that the holder of the private encumbrances should be given an opportunity of making satisfactory adjustments. In the event of default being made through excessive liabilities, the Crown should act under existing statutory authority to protect its securities.

In the interests of all parties concerned—viz., the Crown, the settler, and the subsequent mortgagees—amicable arrangements should be made wherever possible for reductions of private encumbrances. If the holders of encumbrances subsequent to the Crown's are willing, after negotiation, to reduce their securities to such an amount as may be arranged, the Government might assist where deemed advisable, by taking over such encumbrances and paying the reduced amount in bonds. If the suggestion is adopted, rigid safeguards must be provided, as it is probable there would be a large number of applications for relief involving a considerable sum of money.

Every case would, of course, require to be considered on its merits, and be subject to the approval of the Minister of Lands.

The regulations would require to be extended to give effect to this suggestion, the extension being in the direction of authorizing advances for such purposes in excess of the present limit of £2,500.

ADDITIONAL ADVANCES ON CURRENT ACCOUNT.

Several Boards have made recommendations for additional advances on current account, and it is evident that advances in this connection will have to be extended if settlers, in many cases, are to be assisted to fully establish themselves. In many instances it is apparent that an additional advance would make all the difference between success and failure. Again, if the Department has made advances on current account up to the limit, and holds first mortgage and other collateral securities, mercantile firms cannot be expected to make further advances even if the farm will carry double the stock secured by the Department's bill of sale. Limited advance on current account is therefore a hindrance to a settler, as it restricts his chances of outside financial assistance. An extension of the limit of advances on current account is therefore advisable in many cases, as without it many settlers will have no chance of success.

Legislation is not necessary to give effect to this recommendation, as it can be provided by an amendment of the regulations.

INQUIRY BOARDS' RECOMMENDATIONS.

Uniformity of recommendations was not expected from the eleven Inquiry Boards, and it will be observed from the various reports and schedules that recommendations have been made under all conceivable headings. Hawke's Bay Inquiry Board, for instance, recommends “remissions and postponements,” while the Wellington Inquiry Board's recommendation is in the main for “revaluation.” Each Inquiry Board has submitted its recommendation according to its views and on consideration of the cases coming under its notice, and it is now for the Government to decide as to the nature of the relief to be afforded. In this connection, notwithstanding that different recommendations have been received from various Boards, it is of the utmost importance, in order to prevent any dissatisfaction, that the form of relief to be given *should be uniform throughout the Dominion.* It is obvious that if settlers in one land district are given a postponement or a remission, while settlers in the adjoining land district are afforded the right of revaluation, the position would be most unsatisfactory and embarrassing.

Some Boards appear to have made rather wholesale recommendations for remission. This is not concurred in. The mere fact that a holding is overvalued does not warrant a remission of the *whole* of the rent and interest, but merely a rebate on the amount by which it is overvalued. If wholesale remissions of arrears were made it would cause serious discontent among soldier settlers who have made an effort, and perhaps at very considerable sacrifices, to meet their obligations; but no objection whatsoever could be taken to the remissions of rent and interest *pro rata* with the amount of overvaluation, and a postponement in respect of the balance owing. The soldier who has met his payments would still be in a better position.

REVALUATION.

According to the various reports of the Inquiry Boards it is apparent that there must be a revaluation of many soldier farms.

POSTPONEMENTS.

Turning to postponements, it is submitted that, provided the price of land is *reasonable*, postponement for long periods would afford the soldier farmer real and substantial relief. This has one excellent feature, inasmuch as it leaves all settlers on the one footing, and there can be no ground for complaint. Revaluation and remission of rent and interest in excess of present value are necessary in some cases, but as a general principle postponement is advisable for long periods, with the right to pay off at any time.

CAPITALIZATION.

Only two Inquiry Boards have recommended capitalization, but notwithstanding this the majority of Inquiry Boards consider postponement preferable.

GENERAL.

It must be recognized that every case cannot be dealt with at once, and, appreciating this fact, the various Commissioners of Crown Lands have been instructed not to press any soldier whose farm has been adversely reported upon by the Inquiry Board until such time as it is possible to deal with his case.

Taking a broad view of the findings of the various Inquiry Boards, one must come to the conclusion that the operations on farms inspected by them have not been generally satisfactory.

The prices paid for some of the lands does not, however, give one the true cause of unsuccessful occupation. Quite a combination of circumstances has occurred at the same time to affect the soldier settlers, and it may be mentioned here that these men are not alone in this experience. Again, the personal factor enters largely into the question of success or non-success of soldier-settlement. Many civilian farmers have been affected by the same succession of misfortunes, and there are very few farmers who have not suffered from the slump.

Without doubt, the great factors of unsuccessful occupation can be attributed to the "peak" prices of labour, stock, building, fencing, and other materials.

The schedule attached to Inquiry Boards' reports shows clearly the position, and the final percentages represent what can be expected under normal conditions, and may be regarded as satisfactory.

Reference to several of the Inquiry Boards' reports shows that they consider the position of the uninspected holdings satisfactory, and one Board gives 95 per cent. of estimated successes under this heading.

It is not deemed advisable that the general aspect of soldier-settlement should be clouded over by a few outstanding failures and mistakes, and where these have been drawn attention to it would be reasonable to infer that the Inquiry Boards only did so with a view of bringing the matter under the notice of departmental officers.

One reasonable deduction that can be drawn from the reports is the fact that but for the combination of adverse circumstances affecting this Dominion, and the soldier settlers in particular, there would have been no necessity to set up the Inquiry Boards. However, assistance has, in the circumstances, become necessary.

In some quarters the Inquiry Boards have been looked upon and spoken of as "revaluation Boards." This is a wrong impression, as it will be observed from the order of reference already quoted that the various Boards were set up for advisory purposes only. The reports on each individual settler, while being of great assistance and value to the Department, should not, it is suggested, be accepted as final and action taken accordingly.

RECOMMENDATIONS.

Assuming that the Government decides to give effect to the findings of the Inquiry Boards, or a modification thereof, it is recommended—

(1.) That legislation be brought down to provide for relief under the following headings:—

- (a.) That provision be made somewhat on the lines of section 15 of the Land Laws Amendment Act, 1915, for revaluation to meet those cases where revaluation is necessary. The legislation should apply to all classes of holdings except "section 2" farms with private mortgages, which should be dealt with by arrangement. The proposed legislation *re* revaluation should provide that soldier settlers must make application within twelve months.
- (b.) Extension of section 7 of the Discharged Soldiers Settlement Act, 1915, to apply to all classes of farming holdings held by soldier settlers.
- (c.) Postponement or remission of current-account interest.
- (d.) Power to be obtained to accept surrenders of leases, and with the approval of the Minister of Lands and concurrence of the settlers, to group sections, reallocate the lands in such manner as may be arranged, and to rearrange securities.

- (e.) Financial adjustments: It would be advisable to bring down legislation to stabilize and adjust the various accounts affected by the proposals, and it is considered that remissions and reductions in value, where necessary, should be met by an annual charge on the Consolidated Fund extending over a period of ten or twenty years, with interest compounded at the rate of 4 per cent. per annum. Where, however, capital has been provided out of Consolidated Fund surpluses, future adjustments in interest and rent should automatically follow a reduction in the capital liability of the several funds to the Consolidated Fund.
- (2.) That the regulations be amended to provide for the following, viz. :—
- (a.) The extension of financial assistance on current account.
 - (b.) The extension of financial assistance regarding second mortgages.
- (3.) That action be taken under *existing authorities* for the following, viz. :—
- (a.) Postponements and remissions of rents under section 7 of the Discharged Soldiers Settlement Act, 1915.
 - (b.) Postponements of instalments to the end of the term of the mortgage under section 16 of the Discharged Soldiers Settlement Amendment Act, 1917.

I have, &c.,

J. B. THOMPSON,

Under-Secretary for Lands.

The Hon. Minister of Lands, Wellington.

(Enclosures: Schedule and Appendix.)

SHOWING DETAILED ESTIMATES OF COST OF SUGGESTED ASSISTANCE UNDER THE VARIOUS HEADINGS.

District.	Number of Settlers.	Inquiry Board or Land Board.	Capital Losses.						Losses of Revenue.															Additional Money required for Current Account.	
			Remission of Principal (Instalments).	Reduction in Capital Invested on Mortgage.		Loss on Revaluation Leases and Licenses.	Writing-down of Buildings.	Total Capital Loss.	Present Losses.					Annual Losses.*			Postponements.				Capitalization.				
				Section 2.	Current Account.				Remission of Rent.	Remission of Interest.	Remission of Interest (Current Account).	Loss where Land brought under Bush and Swamp Act.	Total Present Losses.	Annual Loss of Rent.	Annual Loss of Interest.	Total Annual Loss.	Rents.	Instalments.		Interest.	Total.	Rents.	Mortgages.		Total Capitalization.
																		Short Periods.	End of Term.						
SUBDIVISION A.—ESTIMATES IN REGARD TO SOLDIER FARMS IN EACH LAND DISTRICT INSPECTED BY INQUIRY BOARDS, GIVING (a) FIGURES BASED ON RECOMMENDATIONS BY INQUIRY BOARDS, AND (b) LAND BOARDS' ESTIMATES ON CONSIDERATION OF INQUIRY BOARDS' REPORTS.																									
North Auckland	359	I.B. .. L.B. ..	£ 3,628 ..	£ 9,890 150	£	£ 4,650 1,638	£	£ 18,158 1,788	£ 5,837 770	£ 18,140 ..	£ 50 ..	£	£ 24,027 770	£ 230 80	£ 500 8	£ 730 88	£ .. 7,898	£ .. 2,314	£ .. 36,806	£ .. 381	£ .. 47,399	£ 820 ..	£ 10,673 ..	£ 11,493 ..	£ .. 40,000
Auckland	734	I.B. .. L.B. ..	3,612 ..	91,189 32,871	400 ..	109,851 34,239	.. ..	205,052 67,110	35,939 28,990	18,059 ..	8,463 ..	.. ..	62,461 28,990	4,939 1,541	5,472 1,972	10,411 3,513	8,059 965	.. ..	8,588 23,959	712 ..	17,359 24,924	6,448 6,786	12,651 ..	19,099 6,786	68,850 ..
Hawke's Bay	505	I.B. .. L.B. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	72,990 72,990	.. ..	3,568 3,568	.. ..	76,558 76,558	.. ..	.. ..	.. ..	145,981 145,981	.. ..	21,626 21,626	.. ..	167,607 167,607	.. ..	.. ..	.. ..	20,000 20,000
Taranaki	389	I.B. .. L.B. ..	1,561 1,561	55,793 55,793	15,515 15,515	33,569 33,569	400 400	106,838 106,838	9,060 9,060	7,806 7,806	.. ..	.. ..	16,866 16,866	1,865 1,865	4,123 4,123	5,988 5,988	500 500	.. ..	4,155 4,155	.. ..	4,655 4,655	.. ..	.. ..	.. ..	61,330 61,330
Wellington	753	I.B. .. L.B. ..	2,644 2,644	81,716 81,716	.. ..	191,000 191,000	.. ..	275,360 275,360	27,308 27,308	13,220 13,220	.. ..	2,494 2,494	43,022 43,022	9,104 9,104	5,288 5,288	14,392 14,392	30,000 30,000	29,000 29,000	.. ..	.. ..	59,000 59,000	.. ..	.. ..	.. ..	33,000 33,000
Marlborough	200	I.B. .. L.B. ..	.. ..	18,200 16,125	300 300	12,240 12,240	.. ..	30,740 28,665	5,110 4,420	.. ..	980 950	.. ..	6,090 5,370	550 585	1,090 965	1,640 1,550	5,230 4,680	300 300	12,550 11,790	530 530	18,610 17,300	.. ..	.. ..	.. ..	13,600 11,900
Nelson	372	I.B. .. L.B. ..	.. ..	55,420 55,420	.. ..	9,985 9,985	.. ..	65,405 65,405	.. ..	.. ..	.. ..	.. ..	.. ..	450 450	1,645 1,645	2,095 2,095	3,515 3,515	25,240 25,240	.. ..	.. ..	28,755 28,755	....	....	....	....
Westland	25	I.B. .. L.B. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	335 335	335 335	.. ..	.. ..	.. ..	.. ..	598 598	3,476 3,476	.. ..	4,074 4,074	....	....	....	....
Canterbury	439	I.B. .. L.B. ..	3,255 3,255	12,327 12,327	.. ..	46,251 46,251	200 200	62,033 62,033	48,541 48,541	16,278 16,278	211 211	.. ..	65,030 65,030	2,120 2,120	616 616	2,736 2,736	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	1,050 1,050
Otago	432	I.B. .. L.B. ..	341 181	1,750 500	250 100	47,060 18,940	.. ..	49,401 19,721	18,869 16,575	1,707 906	.. ..	.. ..	20,576 17,481	2,107 809	105 30	2,212 839	4,377 1,376	770 1,378	.. ..	.. ..	5,147 2,754	.. ..	.. ..	.. ..	1,850 1,000
Southland	114	I.B. .. L.B. ..	1,262 1,262	11,085 11,085	2,750 2,750	14,260 14,260	.. ..	29,357 29,357	4,900 4,900	6,313 6,313	650 650	.. ..	11,863 11,863	640 640	800 800	1,440 1,440	500 500	1,200 1,200	1,600 1,600	.. ..	3,300 3,300	.. ..	.. ..	.. ..	5,000 5,000
Total	4,322	I.B. .. L.B. ..	16,303 8,903	337,360 265,987	19,215 18,665	468,866 362,122	600 600	842,344 656,277	228,554 213,554	81,523 44,523	13,922 5,379	2,829 2,829	326,828 266,285	22,005 17,194	19,639 15,447	41,644 32,641	198,162 195,415	57,108 60,030	51,995 103,412	1,242 911	308,507 359,768	7,268 6,786	23,324 ..	30,592 6,786	204,680 173,280

SUBDIVISION B.—ESTIMATES IN REGARD TO SOLDIER FARMS IN EACH LAND DISTRICT FOR WHICH NO REQUEST WAS MADE FOR INSPECTION. ESTIMATES OBTAINED BY DEDUCTION, AND ARE BASED ON INQUIRY BOARDS' RECOMMENDATIONS ON FARMS INSPECTED AND LAND BOARDS' ESTIMATES AS PER SUBDIVISION A.

North Auckland	786	I.B. ... L.B. ...	£ 3,153 ..	£ 8,800 ..	£	£ 4,000 10,000	£	£ 15,953 10,000	£ 5,300 ..	£ 15,767 ..	£ 50 ..	£	£ 21,117 ..	£ 200 500	£ 450 ..	£ 650 500	£ .. 7,100	£	£ .. 39,335	£	£ .. 46,435	£ 700 ..	£ 9,250 ..	£ 9,950 ..	£ .. 40,000
Auckland	553	I.B. ... L.B. ...	£ 4,166 ..	£ 99,984 46,000	£	£ 30,000 20,090	£	£ 134,150 66,090	£ 4,000 7,295	£ 20,834 ..	£ 9,200 ..	£	£ 34,034 7,295	£ 1,350 679	£ 6,000 2,160	£ 7,350 2,839	£ 4,000 507	£	£ 10,200 45,232	£	£ 14,200 45,739	£ 500 434	£ 5,032 ..	£ 5,532 434	£ 51,000 5,000
Hawke's Bay	208	I.B. ... L.B. ...	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	£ 11,794 11,794	£	£ 1,673 1,673	£	£ 13,467 13,467	£	£	£	£ 23,588 23,588	£	£ 9,865 9,865	£	£ 33,453 33,453	£	£	£	£
Taranaki	250	I.B. ... L.B. ...	£ 833 833	£	£	£	£	£ 833 833	£	£ 4,167 4,167	£	£	£ 4,167 4,167	£	£	£	£	£	£	£	£	£	£	£	£ 10,000 10,000
Wellington	606	I.B. ... L.B. ...	£ 2,128 2,128	£ 65,764 65,764	£	£ 154,000 154,000	£	£ 221,892 221,892	£ 21,976 21,976	£ 10,640 10,640	£	£ 2,000 2,000	£ 34,616 34,616	£ 7,324 7,324	£ 4,256 4,256	£ 11,580 11,580	£ 25,000 25,000	£ 24,000 24,000	£	£	£ 49,000 49,000	£	£	£	£ 27,000 27,000
Marlborough	..	I.B. ... L.B. ...	.. ..	£ 3,000 3,000	£ 200 200	£	£	£ 3,200 3,200	£ 500 500	£	£ 200 200	£	£ 700 700	£	£	£	£	£	£	£	£	£	£	£	£
Nelson	..	I.B. ... L.B. ...	Included in schedule above.																						
Westland	63	I.B. ... L.B. ...	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	£ 140 140	£	£ 2,894 2,894	£	£ 3,034 3,034	£	£	£	£
Canterbury	521	I.B. ... L.B. ...	£ 1,680 1,680	£ 6,363 6,363	£	£ 23,871 23,871	£ 103 103	£ 32,017 32,017	£ 25,053 25,053	£ 8,402 8,402	£ 109 109	£	£ 33,564 33,564	£ 1,094 1,094	£ 318 318	£ 1,412 1,412	£	£	£	£	£	£	£	£	£ 540 540
Otago	35	I.B. ... L.B. ...	£ 41 20	£	£	£ 1,000 850	£	£ 1,041 870	£ 230 114	£ 209 100	£	£	£ 439 214	£ 45 39	£	£ 45 39	£	£	£	£	£	£	£	£	£
Southland	281	I.B. ... L.B. ...	£ 454 454	£ 3,600 3,600	£ 150 150	£	£	£ 4,204 4,204	£ 1,075 1,075	£ 2,271 2,271	£ 175 175	£	£ 3,521 3,521	£	£ 225 225	£ 225 225	£	£	£	£	£	£	£	£	£
Total	3,303	I.B. ... L.B. ...	£ 12,455 5,115	£ 187,511 124,727	£ 350 350	£ 212,871 208,811	£ 103 103	£ 413,290 339,106	£ 69,928 67,807	£ 62,290 25,580	£ 11,407 2,157	£ 2,000 2,000	£ 145,625 97,544	£ 10,013 9,636	£ 11,249 6,959	£ 21,262 16,595	£ 52,728 56,335	£ 24,000 24,000	£ 22,959 97,326	£	£ 99,687 177,661	£ 1,200 434	£ 14,282 ..	£ 15,482 434	£ 88,540 82,540

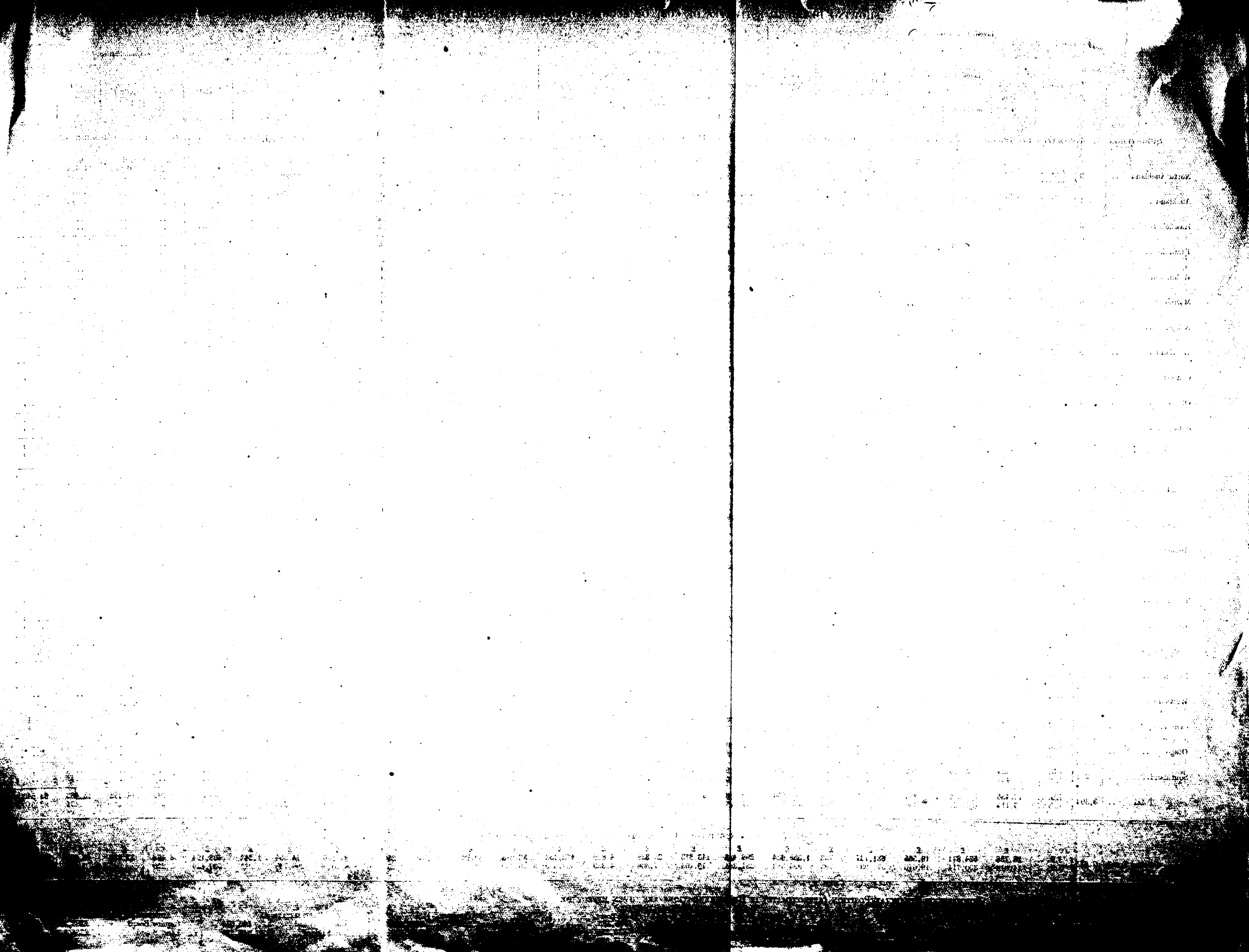
SUBDIVISION C.—SHOWING TOTALS OF SUBDIVISIONS A AND B.

Grand Totals	7,625 {	I.B. ..	£ 28,758	£ 524,871	£ 19,565	£ 681,737	£ 703	£ 1,255,634	£ 296,462	£ 143,813	£ 25,229	£ 4,829	£ 472,453	£ 32,018	£ 30,886	£ 62,906	£ 250,890	£ 81,108	£ 74,954	£ 1,242	£ 408,194	£ 8,468	£ 37,636	£ 46,074
		L.B. ..	14,018	390,714	19,015	570,933	703	995,383	281,361	70,103	7,536	4,829	363,829	26,830	22,406	49,236	251,750	84,030	200,738	911	537,429	7,220	..	255,820

SUMMARY OF FINANCIAL POSITION (APPROXIMATE) IF RECOMMENDATIONS ARE GIVEN EFFECT TO.

NOTE.—I.B. means Inquiry Board.
L.B. means Land Board.

LOSSES.		POSTPONEMENTS.		CAPITALIZATION.		ADDITIONAL ADVANCES.	
Loss of capital	\$1,255,634	Inquiry Board	\$408,194	Inquiry Board	\$46,074	Inquiry Board	\$293,220
Annual loss of rent and interest owing to reduction of capital	\$82,906	Land Board	\$537,429	Land Board	\$7,220	Land Board	\$255,820
Immediate loss of rent and interest on remission	\$472,453						



APPENDIX C.

OPINIONS OF LAND BOARDS ON INQUIRY BOARDS' REPORTS.

NORTH AUCKLAND.

30th June, 1923.

I ENCLOSE herewith the report of the Inquiry Board, together with the minutes and recommendations of the Land Board dealing with each case.

When the Inquiry Board had finished its inquiries, the Land Board, in accordance with your instructions, met the Board in conference, and this took place on the 30th and 31st May. The report of the Inquiry Board was carefully considered, all the recommendations being passed in review, and the members of the Board questioned concerning their recommendations.

After the conference the Land Board went carefully into the case of every soldier which had been investigated by the Inquiry Board, giving due consideration to the Inquiry Board's conclusions before making the Land Board's recommendation dealing with the particular case.

It is obvious that the Commissioner and the Land Board, with years of experience in dealing with these settlers, supported by the reports of the Rangers and valuers during the time, were in a much better position to form a true estimate of the soldier, his capacity, his methods of farming, and of his ultimate prospect of success, than any Inquiry Board could possibly be after a cursory inspection such as had been made. This fact became quite apparent to the Land Board as the particular cases were dealt with, and it was plain in many cases that the Inquiry Board had incorrectly gauged the position.

The Inquiry Board's recommendations fall under these headings:—

- (1.) Cancellations of arrears of instalments.
- (2.) Cancellations of arrears of rent.
- (3.) Reduction in value of property.
- (4.) Reduction of capital value of settlement land.
- (5.) Arrears of instalment of interest and rent to be capitalized.
- (6.) Recommendation that the second mortgage on properties acquired under section 2 should be extinguished.

Now, in regard to the recommendation for the cancellation of arrears, the Land Board gave this proposal very careful consideration, and came to the conclusion that it would be a pernicious proceeding to cancel arrears of interest or of rent, except in certain special circumstances, such as a case where a property had been purchased for a sum which was now recognized as being in excess of the value of the property, and consequently the soldier had undertaken to pay interest on a sum in excess of the actual value of the land, or where he had been asked to pay rent based on a capital sum in excess of the real value of the land. For instance, a soldier may have received an advance of £2,500 to purchase a property on a valuation, we will say, of £2,700 at the time of purchase. Assuming that the value of that property has now been determined as £2,000, it is clear that the soldier had entered into an obligation to pay interest on £500 more than the value of the property.

Now, if there is to be any remission or cancellation of interest, it is clear that there should only be a cancellation of the interest on the excess value of the property. The Inquiry Board, however, has made sweeping recommendations for cancellation of all arrears, even in cases where no exception was taken to the valuation of the property. As I have said above, the Land Board considers that this would be a pernicious proceeding, and, if the recommendations were carried out, would cause serious discontent among those soldier settlers who have made an effort, and perhaps considerable sacrifices, to fulfil their obligations.

In all such cases the Land Board has recommended, instead of cancellation of arrears, postponement of the arrears of instalments to the end of the term of the mortgage. This course of action is already authorized by law, and it is submitted that if this recommendation is acted upon it will give real and satisfactory relief to all those soldiers in arrears, and at the same time will not be inflicting any injustice on the men who up to the present have used every endeavour to pay their interest and fulfil their obligations.

In granting any relief to the soldier settlers as the outcome of the reports of these Inquiry Boards, due regard should be given to the very important consideration that only a comparatively small proportion of the soldiers applied for such relief. For instance, in this district, whereas there are 1,150 soldier farmers on our books, only 379 made application to have their cases investigated by the Inquiry Board.

It is certain that there will be further applications for relief, and there is no doubt that when the reports of these Inquiry Boards are acted upon and the results become known, if concessions are made indiscriminately, which have the effect of putting men who have made no great effort to fulfil their obligations in a better position than those who have made struggles and sacrifices to pay their way, then there will be widespread dissatisfaction, and there will be a serious aftermath of additional requisitions for relief.

I take it that the Government and the country are anxious that the measure of relief to be afforded to the soldier settlers now should be the end of the matter, and that, the position having been seriously faced now, there should be no calls on the public purse of a like nature in the future. I am confident that there could be no more fruitful source of widespread dissatisfaction than the proposal of this Inquiry Board for the indiscriminate cancellation of arrears. The Land Board's recommendation

for postponement of arrears, whereas it will afford the settler all the relief he can reasonably expect, still leaves the men who have met their obligations in the better position, and they can have no grounds for complaint; then, in the event of a sale of the property or an increase in the value during the postponed term, there is a good prospect of the arrears being paid off.

In regard to the cases in which the Inquiry Board has made recommendations for reductions in value, the Inquiry Board has simply made a bald statement that the valuation was too high and should be reduced to a certain definite sum; but the Board has not furnished any justification for the reduced valuation, or given any figures showing on what basis the valuation was arrived at. Indeed, in some cases the recommendation for reduction in capital value could hardly be taken seriously.

In some cases the reduction in value recommended is quite insignificant. For instance, one recommendation was that the capital value should be reduced by £125: here the valuation of the property was £1,975. In a second case there is a recommendation for a reduction in value of £100: here the valuation is £2,000. In a third case there is a recommendation for a reduction in value of £125: here the valuation is £1,500. Evidently, in the cases quoted, the interest at 6 per cent. on £125 or £100 represents the margin between success and failure in the management of these farms. In the instances given, it is interesting to note that in the first case the arrears of instalments amount to £186, in the second case there are no arrears, and in the third case the arrears amount to £266.

Taking the whole of the recommendations of the Inquiry Board for reductions in valuations, it will be found that the average reduction recommended amounts to £360, affecting twenty-seven properties; so that the average margin between success and failure of these soldier farmers, adopting the Inquiry Board's conclusions, is only £21 per year. This affords the strongest evidence that it was not the excessive valuation of the land that caused the failure of these soldier farmers' ventures.

Cancellation of Arrears of Rent.

The arguments against cancellation of arrears of interest on instalments recited above apply with equal force to the proposal to cancel arrears of rent. The Land Board is strongly of opinion that this would be a most objectionable proceeding, and recommends in lieu thereof that the rent be postponed without interest for varying terms, according to the circumstances of the case. The Land Board has recommended postponements of rents for periods up to ten years without interest, and that at the end of the postponed period the arrears be paid off by easy instalments.

Reduction in Valuations of Properties.

The Land Board is strongly in favour of reducing the valuations of properties if satisfied that the present valuation is excessive, but before any reductions are made the Board should have the opportunity of ascertaining by independent inquiry that the valuations are really excessive. In several cases investigated by the Land Board the Board was satisfied that the valuations of the properties were well sustained by the stock the properties are carrying at the present time.

Three properties on which reductions were recommended by the Inquiry Board were subsequently inspected by the Commissioner and Mr. J. E. Wells, a member of the Land Board, and in only one case did the Commissioner and Mr. Wells agree that there should be a reduction made. In one case, a property near Pokeno, the soldier admitted quite openly that he would not sell the property for anything like what he paid for it, and I think he was right in this determination.

Arrears of Instalments of Interest and Rent to be capitalized.

The Inquiry Board has made a great number of recommendations of this nature, but the Land Board is strongly opposed to this proposed form of relief, which is considered wrong in principle. To capitalize arrears of interest is a left-handed way of helping anybody; it is really converting simple interest into compound interest. The same applies to arrears of rent. In either such case the Land Board is confident that a postponement for a sufficiently long period to meet the soldiers' necessities is the proper form of relief.

Inquiry Board's Recommendation dealing with Second Mortgage.

Regarding the Inquiry Board's recommendation for the extinguishing of the second mortgage, the Land Board does not recommend any action being taken. The second mortgagees have their rights, and they must be respected by the Government.

Applications have been made to the Land Board from time to time for an advance to pay off the second mortgage, generally at a reduced price: each case is dealt with on its merits. One case may be mentioned, of a farm situated near Maungaturoto, sold by A to B. Here A, the second mortgagee, agreed to reduce the second mortgage to less than half, and the Department agreed to make B an advance on his stock, which was unencumbered, sufficient to pay A. B, however, was unwilling to pay A anything. The Inquiry Board made a special recommendation in regard to this very case, recommending that the Department do exactly what we have already offered to do, and which A had agreed to fall in with, but which, as I have said above, B actually refused to be a party to.

Another case of a second mortgage that may be mentioned is a property situated near Tangiteroria. The property was valued at £8,000 as a going concern; we advanced £5,000, the vendors taking a second mortgage for £3,000. This is a first-class property, and well worth what was paid for it. Here the soldier settlers have failed to meet their obligations, either to the Government or to the original vendors. In this case the Inquiry Board make the following recommendation: "We recommend that immediate steps be taken to purchase the second mortgage or otherwise annul it at a price not exceeding £1,200." I suggest that no Government would be a party to such an improper proceeding.

As I have said above, any applications to deal with these second mortgages and to pay off the second mortgagee must be dealt with on their merits. We have, as a matter of fact, paid off second mortgages and have made advances for the purpose.

Soldiers who have been unsuccessful in their Farming Operations.

The Inquiry Board reports that out of 379 farms inspected, in 257 cases the soldiers had been unsuccessful in their farming operations, this representing 70 per cent. of failures. A careful analysis of the farms reported on by the Inquiry Board shows that there have been eleven absolute failures, or 3 per cent. of the total; while there are forty-nine doubtful cases, representing 13½ per cent. of the farms inspected, some of these men, however, having a fair prospect of success under proper guidance; and that 83½ per cent. of the soldiers have proved successful in their farming operations.

In considering and determining whether the soldier farmers have been a success or a failure, it should be borne in mind that it could never have been expected that a large number of men commencing farming operations could reasonably expect to get into "easy street" in three or four years. If this were possible, everybody would be farming. The real question to be determined is whether these men have a reasonably good prospect of ultimately "making good." In the opinion of the Land Board, 83½ per cent. have a fairly good prospect of ultimate success. In fact, if the Inquiry Board held the opinion which it has given expression to, that 70 per cent. of these soldier farmers visited by it were unsuccessful in their farming operations, why did it recommend such wholesale cancellation of arrears and other concessions which would cost the country so much money? In contrast to this, the Land Board has not in any case made a recommendation for a concession to a soldier, unless there were good grounds for believing that he would eventually prove successful.

Stock provided by the Department for Soldier Settlers.

In this connection the Inquiry Board makes the following assertions: "In many cases failure of settlers to 'make good' is attributable to the high prices and the poor quality of the dairy cows provided, many of which were culls and unprofitable. We have evidence that settlers were not allowed to sell unprofitable stock unless prepared to repay the difference between purchase and selling price in cash."

These statements are quite contrary to fact. In every case the best endeavours were made to purchase good stock for the soldiers, the best expert advice being utilized.

With the very great demand existing when the soldier-settlement scheme was in full swing, it was not possible to go about picking the best cows out of particular herds. Any dairy-farmer knows that a good herd of dairy cows cannot be built up by magic; that it is only by careful culling over a period of years that a really good herd can be obtained. There was never any restriction put upon men getting rid of their unprofitable stock; in fact, soldiers have always been encouraged to do so. There is this point, however—that if the Department had advanced £100 to purchase ten dairy cows and these cows were eventually sold for £50, the soldier's current account would be debited with the deficiency. Every soldier understands this perfectly well, and it is, of course, only an ordinary businesslike proceeding.

Soldier Partnerships.

Under this heading the Inquiry Board says: "We find that partnerships of soldier farmers have usually proved unsatisfactory, and we recommend that they be discouraged. Also that, in cases where one partner has left the farm, prompt measures should be taken by the Crown for the dissolution of the partnership, and the position of the remaining settler clearly defined. In cases where the remaining partner has proved his capacity he should be allowed to retain the farm."

The Inquiry Board has made no discovery in regard to these partnerships between soldiers being generally unsatisfactory. From the very inception, I think, all Commissioners and Land Boards have recognized this, and have done their utmost to discourage partnerships. However, we all know that on returning from active service the soldier liked a mate associated with him in his venture. I suppose it was the natural outcome of war service, where there were always so many men together.

The position in regard to these partners, however, was that they were joint mortgagors to the Crown, and the Crown was mortgagee. The partnership was entirely a matter for the partners themselves to carry on or dissolve, and it was no function of the Government to attempt in any way to interfere with the carrying-on of the partnership business. The suggestion that the Commissioner of Crown Lands should take the side of one partner and evict the other man from his legal rights is certainly a strange proposal for any sensible men to put forward.

Poultry-farms, Bee-farms and Fruit-farms.

Under this heading the Inquiry Board says: "The Board's inquiries have brought it to the conclusion that advances for the purpose of poultry-farming are a very unreliable investment. To a less extent the same applies to money advanced on bee and fruit farms."

First in regard to bee-farms: The number of men who have taken up land to specially go in for bee-farming could be counted on the fingers of one hand, and it was only in very special cases, and then only to men who appeared to have the necessary knowledge and experience, that advances were made for this purpose. I think in only one case has the Department suffered any serious loss with bee-farms, and here it was not so much that bee-farming was an unprofitable business as that the man himself was unsuitable.

In regard to poultry-farms, the Land Board has never been keen on making any advances for this purpose. There were a great many soldiers, however, not physically strong, to whom poultry-farming seemed to offer a means of making a livelihood within their physical powers, and it was deemed advisable to give these men a chance to prove their capacity. In all cases these men were urged to act under expert advice, and for the last two or three years any soldier who has started poultry-farming has generally been compelled to put a little money into the venture himself and to commence his operations under the guidance of Mr. Jarrett, Poultry Instructor for the Department of Agriculture. Indeed, for quite a long time, before starting any man in poultry-farming Mr. Jarrett has been good enough to inspect the land and advise as to whether it was a suitable place for carrying on a poultry-farm.

Fruit-farms.—The Land Board has never been eager to make advances for the purpose of purchasing fruit-farms, knowing full well the difficulties of the business, and many a man who has been keen to go in for fruit-farming has been dissuaded by me from doing so. However, many soldiers were so anxious to go in for fruit-farming that the Land Board assisted them to purchase farms for the purpose. Owing to the marketing-conditions many of these men, though making every endeavour, found it difficult to pay their way; others have failed mainly through their own fault. But, although the Land Board has had considerable diffidence in recommending advances on these fruit-farms and small suburban farms generally, experience has shown us that in the event of a soldier making a failure we have been able to dispose of the farm, either to a soldier or to a civilian, without making any serious loss on the transaction, and it is a remarkable fact that the new man has always made a success of his venture.

One case may be quoted as typical: A soldier had a poultry-farm at Henderson, but could not make a success of it; he virtually abandoned the property, leaving arrears of interest and a deficiency in his current account. This property was eventually sold to another soldier, who took over all liabilities and paid up the arrears. The new man has made a great success of the farm. I am informed by Mr. Jarrett, of the Agricultural Department, that whereas this man has been running two hundred fowls during the past season, he is going to double his numbers for the coming year. It is, of course, manifest that to make a success of poultry-farming, like making a success of any other business, depends very largely on the man who is conducting it.

State of Properties at Time of Purchase.

The Inquiry Board makes the following assertion in regard to this: "A great proportion of the properties purchased were in the condition expressed by the term 'gone back,' and were not capable of carrying sufficient stock to meet instalments until the pastures had been renovated and manured."

The Land Board does not agree with this general conclusion. A careful inspection of our records and reports of the valuers at the time of the purchases does not afford any evidence supporting the Inquiry Board's conclusions.

Term for Repayment on Buildings on Settlement Lands.

Re the Inquiry Board's reference to the short-dated term for repayment on buildings: this is a point worthy of consideration. There is no doubt that the repayment for the buildings presses very heavily on the settlers, and the Land Board thinks it desirable that the term for building repayments should be extended, in the case of farm properties, to the longest practicable limit—that is, to the limit of the life of the building. In the past this has not been done. The settler in the initial stage of his operations is faced with heavy repayments for his buildings, which he can ill afford. The buildings might be well regarded as part of the capital value of the farm, and any repayments should be made wherever possible on a 36½-years term. Even though the building may have become dilapidated or have even perished by the end of the term, it does not very much affect the security. It is not like the case of a residential property, where the value of the buildings represents so material a portion of the total value of the security.

The various findings and recommendations of the Inquiry Board are given in schedule form. A summary of the recommendations is as follows:—

	Number.	Amount involved. £
Under section 2 of the Discharged Soldiers Settlement Act—		
(1.) That instalments and arrears be cancelled	129	21,768
(2.) That the valuation of the property be reduced and the mortgage reduced accordingly	27	9,880
(3.) That instalments in arrears be capitalized	52	10,673
(4.) That current-account arrears of interest be remitted	1	50
(5.) That rent be remitted	7	493
(6.) That the capital value of the lease be reduced	1	200
Settlement lands—		
(7.) That rent be remitted	37	5,344
(8.) That capital value be reduced	9	4,450
(9.) That arrears of rent be capitalized	7	820
(10.) Where no recommendation is made	108	..
Totals	388	£53,678

The Land Board's recommendations are as follows :—

Under section 2 of the Discharged Soldiers Settlement Act :—

	Number.	Amount involved.
(1.) That instalments in arrears be postponed until the end of the term of the mortgage	149	36,806
(2.) That postponement be made for varying terms from one to five years ..	14	2,314
(3.) That arrears of interest on current account be postponed	7	381
(4.) That the mortgage be reduced	1	150
(5.) That rent be postponed until the end of term	2	97
(6.) That rent be postponed for five years	1	247
(7.) That rent be remitted	1	31
Settlement lands—		
(8.) That rent be postponed until end of term	1	353
(9.) That rent be postponed for five years	44	5,929
(10.) That rent be postponed for ten years	8	1,272
(11.) That rent be remitted	24	739
(12.) That capital value be reduced	4	1,638
Totals	256	£49,957

NOTE.—The seeming disparity in the total number of cases where relief is recommended is owing to the fact that recommendations for relief are made under different headings, and sometimes two recommendations affecting the same property have been made.

Enclosed with this memorandum are the following particulars :—

- (1.) Schedule giving the summarized results of the Inquiry Board and the Land Board's recommendations
- (2.) The Inquiry Board's general report.
- (3.) Minutes of the Land Board giving Inquiry Board's finding and Land Board's recommendation in regard to each property.

R. P. GREVILLE,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

AUCKLAND.

6th July, 1923.

I forward herewith schedules embodying for the information of the Hon. Minister of Lands the results of the investigations of the special Inquiry Board so far as they have been completed up to the present, and of the recommendations made by the Land Board after careful consideration thereof.

The Inquiry Board commenced its work in this district on the 6th November, 1922, and, at first jointly and subsequently separately, the two members were engaged continuously up to the 12th June, 1923, on the work of inspection, the total number of holdings visited and reported on being 734. The Board has throughout followed the policy of making a personal inspection of each man's farm, meeting the holder himself (if at home), and going with him into the details of his financial position and the relief, if any, needed to enable him to succeed. I have personally kept in as close touch with the Board as possible, and have had several discussions with them before and during the course of their work. They have been accompanied on their inspections by the Supervisor of Soldier Settlements or the Crown Lands Ranger for the locality, all these officers having been instructed to afford the Board all possible assistance.

On Wednesday, the 20th ultimo, the members of the Land Board met the special Inquiry Board at this office and sat for four days in close conference with them, discussing the general principles on which the Inquiry Board had based its recommendations, as well as the nature of the reports and proposals submitted in a large proportion of the individual cases. The Land Board then sat for four days considering the reports in detail and framing its own recommendations, the results of which are embodied in the schedules.

In the course of the discussions between the two Boards, certain points in regard to the Inquiry Board's operations became apparent.

(1.) Naturally the Board would conduct its investigations in a sympathetic spirit, and while, no doubt, it was contemplated that these Boards, whose inquiries were not necessarily limited by the scope of present legislation, would approach their duties in that spirit, it will necessarily be recognized that, with their limited opportunities of observation, they may in many cases have been led to take a somewhat unduly lenient view of a settler's present position, and to overlook too much the personal factors which may have contributed in a very large degree to that position. The Board has not, except in very rare instances, seen or known the properties prior to their occupation by the soldier settlers, nor were the officers who accompanied them always able, owing to changes in personnel, to supply that information. Consequently the Board necessarily took much of their information on such points from the settlers themselves, who would display a natural tendency to magnify any difficulties they might have encountered. With such brief acquaintance with the settlers also it would be difficult for the Board to form a correct estimate of the personal factor in the problem—that is, how far lack of aptitude for farming, indolence, lack of attention to the farm and undue frequency of absence at amusements, want of method, or actual physical disability had brought about the present position. On such points it is evident that the Land Board, with its

knowledge of the history of each settler, the records of the office, and the reports of inspecting officers, is in a better position to judge how far the present position has been brought about by actual misfortune or adverse conditions of an unavoidable nature, and how far through the fault of the settler himself. From our knowledge of the whole position, the Land Board and myself are convinced that, although a proportion of the failures must be attributed to the fact that the men went on to the farms at a time when land had to be bought at prices above present productive values, and had to pay high prices for all stock and materials, yet on the other hand a proportion of the settlers' present difficulties are due to lack of energy, industry, method, and frugality on the part of the settlers, and that these reasons will account for a much larger proportion of the partial or total failures than some of the men will admit. With this view, two aspects of the question arise: (a) How far shall a settler be relieved from difficulties which are, in a considerable degree, of his own making? and (b) How far is the State to be at the expense of granting relief from difficulties so caused? The Land Board, in making its recommendations, has endeavoured to give equitable consideration to all the factors, and to afford settlers such reasonable assistance as may be necessary to enable them to pull through, without unduly charging the State with losses due to the deficiencies of the settlers themselves.

(2.) It also appears to be evident that the valuations made by the Inquiry Board gave a great deal of weight to recent slump conditions, and that the Board in many instances proceeded on the impression that many of the State purchases were made at unsound prices, especially in the "Section 2" cases, while the facts that these properties were chosen by the settlers themselves, who were in many instances prepared to pay (out of State funds) much more than a fair price, even according to prices then ruling, did not receive sufficient consideration. In regard to "Section 2" purchases, I have to point out that the Auckland Land Board, notwithstanding considerable pressure from various quarters in many instances, declined to make any recommendations for purchase in about 50 per cent. of the cases submitted, this being generally on account of unsuitability of property or excessive price asked. Had the Land Board not exercised very critical consideration in such cases the percentage of failures might have been much larger. It will be obvious that the State should not be expected to reduce the values to slump prices, or to sustain undue losses by reason of inefficiency and failure to make the best of their opportunities on the part of some of the settlers. Even if it were the case that the existing mortgages or capital values are in many instances too high, an examination of many of the rent and instalment accounts indicates that the settlers have not even attempted to make payments on the basis of what might, under the conditions existing, have been claimed to be reasonable values. In regard to present valuations also, it is important to point out that we have recently been able to effect redisposal of some abandoned holdings at prices considerably above special valuations, while in some cases, holdings that have been inspected by the special Inquiry Board, and reductions recommended, are changing hands at a margin above existing liabilities.

(3.) It is apparent that in many cases the special Inquiry Board recommended settlers to incur further liabilities on improvements (such as provision of water in every paddock) which, while no doubt part of the equipment of an ideal dairy farm, can scarcely be regarded as essentials at the present stage of development, nor as being of sufficiently urgent immediate necessity to justify incurring further liabilities while the payments attaching to existing liabilities are not being met. There has, moreover, evidently been a tendency to recommend expenditure irrespective of prudent and necessary consideration as to whence the money was to come, no doubt relying on the usual belief that the State's purse is good for all demands, reasonable or otherwise, that may be made upon it.

(4.) Allied to the foregoing is the fact that in a very large proportion of cases the Board recommended "further financial assistance if required," irrespective of whether the limit of assistance had been reached or not. In the majority of instances, no specific amount of further assistance was indicated. As far as granting it "if required" is concerned, observation shows that in many cases settlers will go on borrowing as long as it is possible to do so, apparently with little regard to the future day of repayment.

(5.) In its discussions with the special Inquiry Board the Land Board notes a tendency on the part of the former to favour dairy farms in areas averaging 80 to 100 acres, even in closely settled localities near to centres of population, such as the Mangateparu Settlement. While the Land Board recognizes that locality and distance from rail or market must to a large extent be determining factors, the Land Board strongly deprecates the idea that 80 to 100 acres should be the minimum limits in country such as the Waikato, which is undoubtedly destined to become, generally speaking, a district of small, self-contained dairy farms, which can be worked by the owner without employing labour. A case has recently been quoted of a 59-acre farm on which twenty-six cows were milked during the past season, yielding an average of 320 lb. of butterfat per cow for the season. Of course, systematic working, annual top-dressing, and a high standard of dairy stock must be maintained to yield such results; but, if obtainable, it is better for the country and the settlers themselves that farms should be limited to a convenient easily worked area from which the best results can be obtained.

(6.) In the special Inquiry Board's report there is a suggestion that orders from settlers for seeds, manures, &c., had been held up in this office owing to lack of farming knowledge. From my knowledge of the position I think the real explanation is that any delays that have occurred have arisen not from the reason alleged—as this office has always recognized the necessity for placing orders as expeditiously as possible—but because in many instances settlers left their orders till the last minute, and when the position was investigated here it was found either that insufficient funds were available, or that there were other circumstances rendering special inquiry necessary. The work of the office, as well as of its outside officers, would often have been considerably lightened if settlers had exercised more method and foresight in regard to their requirements.

(7.) It will be noticed that a good deal of emphasis is placed by the special Inquiry Board upon the necessity for more supervising officers of the type whom they describe as "practical farmer rangers." There are amongst the ranging staff of this district officers who are as well qualified to advise settlers upon the working of their holdings as any "practical farmer," but in too many cases settlers think that they have little or nothing to learn, and pursue their own course irrespective of advice. I have already repeatedly urged, and still think, that the strength of the ranging staff is not commensurate to the financial magnitude of the State's interest: what is really needed being that it should be possible for all holdings to be visited several times a year, and in doubtful cases at least once a month.

(8.) The need for the above is indicated by the fact that in some cases that have come under notice, including holdings in the Orongo and Hīkua Settlements, at which the special Inquiry Board has directed somewhat severe criticism, the condition and carrying-capacity of the land is, by reason of incompetence of the tenants, inferior to what it was when the land was purchased for settlement. The Inquiry Board, of course, has only seen the land in its present condition, and has made its criticism on that basis. This very fact, however, discounts the Board's contention that holdings should have been larger, since the settler who proves himself incompetent to manage a limited area to the best advantage would obviously only be a more conspicuous failure—at a greater loss to the State—if placed on a larger area.

(9.) In dealing with the special Inquiry Board's recommendation in many of the "Section 2" cases, that arrears should be remitted, the Land Board has adopted the policy of recommending that the arrears be postponed to the end of the term of the mortgage, which should be extended to correspond. This will afford the settlers the needed relief at the present time, without involving complete cancellation of the payments, the latter being a course whose adoption would be inadvisable either for the settler or the State.

(10.) As regards current-account advances, the special Inquiry Board expressly indicated in its discussions with the Land Board that its recommendations and valuations were not intended to convey any reduction of the principal amount of these advances. In furnishing its valuations the Board has only done so, without detail, under two headings, "Land" (representing the holding as it stands with all improvements other than buildings) and "Buildings." From information obtained I gather that the valuation of the latter must in all cases be regarded as a very approximate one on an exceedingly moderate basis. No valuations have been supplied of stock or chattels, so that it is impossible to gather from the Board's valuations its estimate of the security for advances made. The Land Board has declined to recommend any remission or postponement of interest on current-account advances, being of opinion that such interest should at least be met out of the returns from the holdings.

(11.) There are cases where it is urgently necessary that further funds be provided for top-dressing manures, but funds are not available, the ordinary limit of current-account advances having been reached. The Land Board does not consider that advances for such purpose should be provided by instalment mortgage in partial discharge, as top-dressing is an annual necessity. The Board recommends in such cases a special additional advance on current account to an amount not to exceed £50. This matter is urgent, as top-dressing now is essential to a satisfactory milk return for the ensuing season. It is difficult to estimate the total amount likely to be required in this manner, but I do not think it should be more than £5,000. This would be for this season only: the Board does not propose it as a recurring arrangement.

(12.) In making its recommendations for relief such as remission of rents, the Land Board has taken the view that the efforts of the successful settlers should be recognized, and that they should not be debarred from receiving similar relief by reason of the fact that, often under considerable difficulties, they have met their obligations to a greater extent than others. The Board has consequently recommended the same concessions in such cases, notwithstanding that there was not the same proportion of arrears.

(13.) In reviewing the cases of partial or total failure, the Land Board is of opinion, from its knowledge of the settlers, that in at least a great majority of the cases failure has been due in a very considerable degree to impaired physical or mental vitality as the result of war service, which has rendered it impossible for the settlers to overcome difficulties, due to lack of previous experience or other circumstances, that might otherwise have been surmounted successfully. This position has been clearly apparent in some of the cases where the Land Board has been compelled to take steps to remove settlers by reason of gross failure to fulfil necessary conditions. In the discussions that have resulted the settler has often been inclined to blame the Department, or any other factors, for failure due to his own want of energy or ability. While, however, the Board recognizes that this may be due to the results of war service, it is obviously impossible to allow Crown property to be wasted through such conditions.

(14.) The Land Board has found that, after making due allowance for actual and *bona fide* inability to meet financial obligations, there is a distinct inclination on the part of a number of settlers to treat their obligations to the State as being of little consequence; to borrow as much, and pay as little, as possible; and to use all possible excuses for evading payment until the consequences of default can no longer be avoided. There appears to be quite sufficient ground for stating that, had reasonable industry and frugality been practised, such as should be expected of any settler on a new farm, a large majority of the settlers would, notwithstanding certain adverse conditions, have been in a position to avoid the heavy accumulations of arrears that exist in a great number of cases.

(15.) I think that, in estimating the provision required to give effect to the recommendations, it would be advisable to allow a contingency margin of, say, £25,000 to provide for cases where, by virtue of circumstances not at present apparent, further concessions may become necessary.

H. M. SKEET,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

HAWKE'S BAY.

18th June, 1923.

In compliance with yours of the 23rd April, I have to advise that a special meeting of the Land Board, at which the Inquiry Board was present with its report, was held on Tuesday the 12th instant. I may add that the report was only completed on the night of Monday, the 11th instant, so that no time was lost. The Land Board devoted the whole of Tuesday and Wednesday to a very analytical discussion of the report and of the evidence which lead to its findings, and I am very glad indeed to say that it was unanimously adopted. The report, which was in manuscript, was taken away by the Chairman for typing, was personally returned by him to me on the Saturday morning, and is enclosed herewith.

The Inquiry Board went most thoroughly into every case, and the forms returned to the office bear valuable information in the shape of notes and opinions written upon them, together with condensed remarks on each settlement.

There is only one case of overvaluation suggested—viz., that of Gilbert's, in Glengarry—and even after that was dissected the Inquiry Board was almost inclined to cut it out.

There are three cases only of unsuitability of subdivision—viz., White's, Agnew's, and Treseder's in Crownthorpe. It is freely admitted that these sections are poor, but even at that the Inquiry Board did not think the rents too high. It was a poor patch to deal with, and to have otherwise subdivided the settlement would have spoilt the general subdivision.

At the conference the Inquiry Board was very decided that all outstanding interests on current accounts should be postponed as if they were mortgage instalments, and the Board quite agreed with this view on the grounds of equality for all. It is not so clearly stated in the report, but there was no doubt about the expressed intention, and attention has therefore been particularly drawn to it and estimates prepared in accordance.

There is another matter—viz., rates—which the Land Board felt very strongly about, and, although the Inquiry Board thoroughly agreed with the Land Board's suggestions, it did not think that rates came within the scope of the inquiry. I have therefore to advise that in recommending the adoption of the report the Land Board further strongly recommends that "existing liabilities to local authorities be discharged by the Crown, and the amount so disbursed be charged against the lands affected, and be recoverable, if necessary, in the manner suggested with regard to rental postponements."

Personally, I am much relieved at the Inquiry Board's recommendations. The possibility of individual treatment has been a nightmare for years. I enclose report and estimates.

W. F. MARSH,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

Estimates.

Remission of one year's rent: Hawke's Bay, £51,482 15s. 10d.; Gisborne, £21,507 15s. 6d.: total, £72,990 11s. 4d.

Postponement of two years' rents until end of lease, if necessary: Hawke's Bay, £102,965 11s. 8d.; Gisborne, £43,015 11s.: total, £145,981 2s. 8d.

Remission of outstanding interests on current accounts at 31st March, 1923: Hawke's Bay, £3,150 14s. 7d.; Gisborne, £417 10s. 6d.: total, £3,568 5s. 1d.

Postponement of mortgage instalments for three years: Hawke's Bay, £17,060 12s. 6d.; Gisborne, £4,566: total, £21,626 12s. 6d. In cases where a second mortgagee sells postponements will be paid. (Proposed law.)

Additional advances in terms of recommendation contained in paragraph (d), page 16, of the Inquiry Board's report: Hawke's Bay, £11,000; Gisborne, £9,000: total, £20,000.

I cannot give amount of rates outstanding, but the Hawke's Bay figures are: Wairoa County, £1,020; Waipawa County, £1,424; Hawke's Bay County, £948; Waipukurau County, nil; Dannevirke County, £200; Woodville County, nil; Patangata County, not available.

TARANAKI.

23rd May, 1923.

I enclose herewith the written report of the Inquiry Board in connection with its recent work in this district.

The Inquiry Board and the Land Board met and discussed this report on the 17th instant, also several typical cases, and a resolution of the Land Board in this direction is annexed.

Both Boards were of opinion that reduction in rate of interest, rent, and stock mortgages in many cases were advisable, and without such, failure could be looked for on numerous holdings: but in the opinion of the Land Board to accept the Inquiry Board's opinions *en bloc* did not savour of good policy, and the resolution sent was the result.

I realize that much will depend on reports from separate districts as to the action taken, but several matters cropped up here in discussion which I should like you to specially consider.

Reduction of Mortgages.—The generally accepted method in a matter of this nature would be to reduce a mortgage of £5,000 to, say, £4,000 to lessen a man's payments. The Board's opinion is it is preferable to reduce the rate of interest based upon the suggested capital reduction, and this received unanimous approval. For instance, instead of the capital account of a mortgage being reduced from £5,000 to £4,000, the interest would be reduced on the £5,000 from 5 per cent. to 4 per cent., and other cases similarly.

Further Advances.—All discussions on the report seemed to come back to the question—"But, Mr. Chairman, can you obtain further moneys to hold up this property, as it is considered unless this settler, who has already drawn his quota, can receive additional finance, it is useless making a reduction in the mortgage, as he must have further stock to run his farm at a profit." I can understand the Government being in a position to write off expended money, but the gist of most reports, I feel convinced, will be asking for further moneys, and until this phase of the question is considered, cases requiring such treatment must remain in abeyance pending the Government's intentions regarding further advances.

Revaluations.—This phase may also crop up where leaseholds are concerned, and, as you may deem section 15 of the Land Laws Amendment Act, 1915, should be utilized in these cases, I would prefer to withhold an opinion on the Inquiry Board's valuations.

I am retaining the written reports on individual sections in the meantime, as I have to obtain particulars therefrom to lay before the Land Board at a special meeting at the end of the month.

There have been several points raised in the report which were only partially discussed, and these may be further treated at the end of the month—one in particular *re* appointment of farmers to help the Department by advice, &c.; but the payment of such was suggested, and this, if conceded, would be a Dominion rather than merely a provincial arrangement, and as such pronounced upon by you.

I should appreciate any comments on the points raised if the Department is yet in a position to officially advise me thereon.

H. J. LOWE,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

WELLINGTON.

3rd July, 1923.

Enclosed herewith is the report of the Inquiry Board for the Wellington Land District.

Messrs. Stuart and Cameron worked together for some time round about Feilding and then separated, Mr. Stuart completing the inspection on the west side of the main range from Mangaweka and Wanganui to Wellington, and Mr. Cameron taking the whole of the district to the east of the main range. Mr. David Craig inspected the bush district northward from Mangaweka.

The Land Board has considered the report, and, while agreeing with it in the main, desires to express its views on certain matters referred to.

Paragraph 8 refers to bush sections that were selected subject to existing timber-cutting rights. There are very few such cases—probably not more than three or four in the whole district.

In clause 10 reference is made to certain complaints regarding purchase of stock, statements of accounts and correspondence. These are administrative matters that the Board thinks may be left to the Department.

The Land Board recognizes that in many cases the price of the land must be reduced if the settlers are to be kept on their holdings, but it cannot go as far as the Inquiry Board has gone in recommending that a revaluation be made of all soldiers' settlements and farms, and that in no case should the rentals or instalments be increased. The adoption of this recommendation would be an invitation to all settlers to press for the maximum concessions, knowing that they had all to gain and nothing to lose by so doing. No land should be revalued except on the application of the lessee or mortgagor, and he should be compelled to accept the new value if it is higher than the old one. It is not likely that there would be many increases, but the possibility of having to accept an increase would deter those who are well placed from making frivolous appeals. If some other way of satisfying the settlers for the time being could be found the Board would welcome it. There has been a want of confidence amongst the farming community ever since the financial depression, and although matters have improved to some extent, few private owners are willing to accept the prices now offering for land. This feeling is bound to have an effect on a new valuation, and the Board is afraid that under a valuation made now or in the near future the Government will have to accept less than the true value of the land.

If revaluation is decided upon the method of carrying it into effect will have to be most carefully considered. The settlers are for ever watching for opportunities to make comparisons, and in order to illustrate one of many difficulties it may be useful to make a comparison now. Two dis-

charged soldiers bought adjoining farms, each getting an advance of £2,500 under section 2 of the Discharged Soldiers Settlement Act, 1917. A, by industry and thrift, had, before the war, saved a considerable sum, which he has put into the property, improving the Crown's security; B had little or nothing, and has not maintained the Crown's security. Under a revaluation the Crown will reduce the price of B's land. If it does so in A's case it will write down a good security; and if it does not, A can with good reason claim that the undeserving are getting most consideration.

Second Mortgages.—The Land Board agrees with the suggestion that the Crown should foreclose when the settler and the second (private) mortgagee are unable to make a satisfactory adjustment. But the Crown has no right to do so "to protect the settler," the only valid reason being to safeguard its own interests as first mortgagee. It is important to observe this distinction in order to leave no room for a charge of interference in private contracts.

The recommendation that the Government should undertake the construction of main drains in swampy settlements is a good one.

THOMAS BROOK,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

MARLBOROUGH.

4thth May, 1923.

I forward herewith, under separate cover—(1) Inquiry Board's general report on soldier-settlement (two memoranda); (2) individual reports on men requiring special assistance, with Land Board's recommendations noted thereon; (3) reports on each soldier-settlement, with Land Board's recommendation noted thereon; (4) schedule of capable men who have difficulties, and who may require consideration in the future; (5) schedule of capable men not requiring assistance; (6) schedule of vacant sections; (7) schedule of non-resident men; (8) plan of Erina Settlement subdivisions (new proposals).

JOHN COOK,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

NELSON.

26th May, 1923.

I forward herewith report of the soldiers' Inquiry Board on soldier settlements in this district, for transmission to the Minister of Lands. I also enclose copy of the minutes of the meeting of the Land Board held yesterday to discuss the report.

The statistics asked for in your memorandum of the 9th instant cannot be compiled from the report of the Inquiry Board, and I have asked Messrs. Edwards and Batchelor to attend at the office on Monday next with field-notes, &c., in order that the figures asked for may be supplied. The statistics should reach you about Wednesday or Thursday next.

H. D. MCKELLAR,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

A special meeting of the Land Board to consider the report of the soldiers' Inquiry Board was held on the 25th May, 1923, at 10 a.m. Present: Commissioner of Crown Lands (in the chair), R. Patterson, W. C. Mirfin, R. Win, C. Macmahon.

In Committee.—The Commissioner reported that the Board set up to inquire into the position with regard to soldier-settlement had completed its investigations and had furnished its report.

The report was read, and after discussion, both with the members of the Inquiry Board and in committee, Mr. Macmahon moved, That the Land Board approves of the report of the soldiers' Inquiry Board with the exception of the following points:—

- (1.) The Land Board does not agree with the Inquiry Board's general statement that in many cases the property-owners disposed of the poorer portions of their properties only, and that in other cases the quality of the land at its best was only second-class and of low productive value.
- (2.) The Land Board does not agree with the statement of the Inquiry Board that the original valuations were for the most part far in excess of the real value of the land. Loans were recommended by the Land Board on the opinion of two valuers of the value of the land at the time.
- (3.) The Board does not agree with the recommendation that values of properties be reduced. It considers it better to reduce the rates of interest and the rent from time to time until the settlers are established.

Seconded by Mr. Win and carried.

Mr. Patterson dissented to (3) urging revaluation where necessary, and objecting to the classifying of any of the men as failures or partial failures.

WESTLAND.

28th March, 1923.

In accordance with instructions received here on the 30th October, 1922, I forward herewith the Board of Inquiry report.

The report was discussed by the Land Board with the Board of Inquiry at the Land Board's meeting on the 21st ultimo and finally considered at the monthly meeting on the 21st instant.

The Inquiry Board, as you will see, has investigated and reported on twenty-four individual cases. The Land Board generally concurs with the report, but in the cases of the following soldier settlers it makes the special recommendations given opposite each soldier settler's name [not printed].

W. T. MORPETH,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

CANTERBURY.

29th June, 1923.

I beg to forward herewith the general report of the Board of Inquiry after its consideration by the Land Board on the 28th instant. At that meeting the following resolution was passed on the motion of Mr. R. Macaulay (senior member), seconded by Mr. W. Cunningham: "That, having received and fully discussed the Inquiry Board's report on soldier-settlement in Canterbury, this Board resolves to receive the same and transmit it to the Hon. Minister of Lands, being of opinion that it is of a comprehensive nature, also a fair statement of the position generally so far as this district is concerned, and that if concessions generally on the lines of the detailed recommendations in the report are ultimately adopted the relief thus afforded the individual soldier settler will meet the circumstances of the case in this district."

It will be noticed that in many, or most, of the cases considered the Inquiry Board is of the opinion that concessions varying with the circumstances of each individual case should be made, but with the condition that where either second and following mortgagees, or stock and agency companies supplying stock, are also concerned, that these latter should also make concessions.

In a few cases, in "section 2" farms, we have found that the submortgagee's interest has been paid, but that of the Crown, although supposedly a first charge, has not been met.

In cases where the submortgagee is the original vendor and the reduced price recommended falls below the Government advance I am of the opinion that if the submortgagee will not write off his mortgage the property should be put up to auction on fair terms, and if bought in by the Crown might again be allotted to the soldier if it is considered that he has worked to good advantage.

In cases where the Government mortgage is only such proportion of the value that the reduced price would still leave a margin for the submortgagee, I think that any Government concession should be conditional on the second mortgagee granting concessions in interest in proportion to the Crown's remissions of interest, or otherwise the property should go to sale: this should apply, *mutatis mutandis*, to cases of settlement or other lands where goodwills have been paid for leaseholds.

I think the reasons why the various Boards generally recommended advances with a margin, more or less, was because it was felt that a fall in values might occur, and that this was acquiesced in by the submortgagees as an ordinary business precaution and one involving risk to themselves. The hard cases will be where the soldier himself provided the difference; but even in this case it is a thing that cannot be helped, and the soldier should accept the position in the same way that any other person has to.

In the case of settlement lands opened for soldiers, any reduction would, of course, fall on the Crown, but this is the case now where settlement tenants apply for and obtain a reduction in valuation, and the present conditions for ordinary settlement lands might apply with any necessary modifications.

Another difficulty that presents itself very largely in this district is in instances where soldiers have been financed for stock by the stock and agency companies, and where, on account of operations not proving profitable, the Department has been able to collect little or no rent from the companies. In some cases the Crown is providing not only the land but in a few cases even the working-equipment also, and the companies are controlling the proceeds but will pay no rent, or only very little, under pressure. Many of these instances are in cases where the Government advance was insufficient to stock the place and it was better that the soldier should be assisted elsewhere. In such cases any reduction in interest and rent—and this is also recommended by the Board of Inquiry—should be conditional on the companies making a proportional reduction in their interest charges, which are higher than those of the Crown, and possibly also by a reduction in stock values at a reasonable level. The case of the Lees Valley settlers is a notable instance of this. Where the companies continue to finance the soldier a condition should be made also that rent should be paid up in future. In this connection, however, it should be recognized that the Crown was saved considerable loss when stock-values dropped suddenly, but the Crown will, in many cases, bear its share by remissions of rent. Just now the companies are having to write off as lost considerable sums where the position of the soldier is hopeless, and they are selling up the stock and dropping many of the weak cases. In a few instances, where the action seemed justified, I have distrained for rent, or threatened to do so, but much of this would only result in the companies withdrawing their support from the soldier, and on the whole I think it a course better left alone, except in glaring instances.

Assistance to soldiers from companies is not now forthcoming to soldiers holding Government land as freely as just after the war, and there are cases where, although the soldier is willing to continue at interest on a reduced price of land, experience shows that owing to various circumstances

he has insufficient capital at command to supplement the Government advance: in these cases it seems to me that, however regrettable it may be, it would be useless to allow the soldier to continue in occupation of the farm, and a waste of his time and the country's money. Usually he has chosen the land himself and should not blame the Government.

I have met cases where, in spite of the hopeless position, the soldier still wished to continue on with the same place, but if he did not he thought he should be given a chance with a smaller place. In one instance the soldier said he could not work satisfactorily for another man, as his service left his health so that at times he had, however willing he might be, being unable to work a full day continuously.

Another question that I can see will arise is that if soldiers who apply get concessions, the greater proportion of the rest will press for similar treatment, and the man who has managed to pay, either by being more thrifty, experienced, or by having some one else to pay for him, will want to know where he comes in.

The Land Board itself is of the opinion that to a large extent in settlement lands the subdivisions have been made into areas too small to afford a sufficient return, owing to much of the class of land settled being unsuited for continued cropping, and being such that cultivation should be directed more in the direction of providing roots and green feed for sheep in the intervals between standing in pasture, which does not last profitably on much of it for more than three years. I notice that the Board of Inquiry attributes much of the weedy condition to overcropping in the past.

In reference to the remarks of the Board about the price of suburban land, the position is that if a soldier wants suburban land so as to be handy to his markets and supplies he will have to pay for it, and the cultivation must be of the intensive order, with avoidance of sloppy methods: any of our suburban land could, I think, be sold for more than it costs the soldier.

The financial statement relative to the matter is enclosed herewith.

There still remain about ninety-eight cases to be investigated, representing, say, one-fifth of the total applications made, and the supplementary financial statement, &c., concerning these will be forwarded as early as possible.

G. H. BULLARD,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

OTAGO.

18th June, 1923.

Forwarded herewith is the report of the Board of Inquiry set up to investigate the position of soldier settlements in Otago. This report consists of a general report on this class of settlement, giving the difficulties in subdividing land for settlement, and particularly in the case of soldier-settlement, which took place at a time when so many factors militated against its success: these, briefly, were on account of the inflated prices of land, stock, implements, and all material. In Otago the inflated price of land was not sufficient in itself to cause failure except in a few cases, but the combination of this and the high prices for everything needed by the settler made land-settlement particularly difficult.

From the Inquiry Board's report it is stated that a property bought at its market value and capable of being successfully worked as a whole proved on subdivision, owing to the amount to be spent on each subdivision in the way of improvements, so increased in capital value that success is made almost impossible. As it was impossible to purchase a property below its market value, this appears to be an insurmountable obstacle to the subdivision of estates. The properties purchased were valued by expert valuers, and were generally obtained at a lower price than the valuation. The method of subdivision was carefully considered, and the advice of the former owner and local residents obtained.

The first two or three years on the subdivisions of settlement land is always a most crucial test before the settler can get fully established and have his separate allotment in good working-order, and unless he is able to pay the rent out of his own capital it is almost inevitable that great difficulty is experienced in finding the rent; if the property is not sufficient for more than a living, it is impossible for a settler with limited capital to pay off these arrears.

The percentage of failures in Otago, permanent and temporary, is given as 21½ per cent.; about half are permanent, and it is considered that the balance of temporary failures can by judicious relief and further assistance be helped into a satisfactory position. The failures are not from any one of the causes (a) to (f), but all these causes except (c) (inexperience, &c.), contributed in an equal proportion to failure; it is therefore quite impossible to give the percentages of failure under the different headings. Although the percentage of farms at present unprofitably occupied is given as 21½ per cent. it is considered that at least 50 per cent. of these would be successful with some measure of relief and good management.

The schedules supplied give the recommendation of the Inquiry Board, and also of the Land Board. It is considered by the Land Board that the measures of relief recommended by them will, under present conditions, enable a large percentage of the settlers to remain on their farms and become successful.

The suggestion of altering the present system with regard to current-account advances is approved by the Land Board. As it will be some considerable time before the settlers are able to pay off these advances, it would be a great relief to the Crown if the advances for stock, chattels, and farm requisites were taken over by stock and station agents. The advances for permanent improve-

ments could then be made repayable on an instalment system of interest and sinking fund, extending over 25½ years for buildings and ten years for fencing, &c. The Land Board approve the suggestion that the instalments on buildings already erected on lands subdivided for settlement be repayable by a sinking fund repayable in 36½ years, instead of the present half-yearly instalments extending over periods up to twenty-one years.

Surrendered properties: Under the present system it takes too long to deal with these farms, and in cases where the arrears on instalments and losses on current account are fairly large it is almost impossible to dispose of these properties and avoid some loss. In these cases it would be best to get two independent valuations made as soon as there is a prospect of abandonment, and take this as the selling-price of the farm, and, if possible, give the present tenant the advantage of any reduction in value. In the case of second mortgagees it would be necessary to sell through the Registrar.

Reduction of capital value, remissions of rent, or reduction of instalment mortgages: The recommendation that in cases of this description the tenant who within a period of ten years disposes of his holding for a goodwill in excess of the actual value of all permanent improvements should pay 75 per cent. of this amount to the Crown is approved by the Land Board.

Generally, the Land Board is of the opinion that the Inquiry Board have gone into the matter very thoroughly and made an excellent report containing many valuable suggestions, but consider that the reductions of capital values recommended are far too large, and reduce the value of the land, in many cases, to the Government unimproved valuation.

ROBERT H. SADD,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

SOUTHLAND.

27th March, 1923.

Under cover of this memorandum I forward the report of the Board recently set up to inquire into certain phases of soldier-settlement in the Southland Land District. The report is addressed to the Hon. Minister of Lands.

At a special meeting of the Land Board held this day for the purpose the report was duly considered. The Board members were under the impression that the proportion of failures is lower than would be found among civilians who have purchased farms during the boom years. The worst cases were discussed at length, and the Land Board derived much useful information of a detailed character from Messrs. Milne and Lilico which will materially help in the action to be recommended as each case arises.

The Land Board acquiesces in the recommendations of the Inquiry Board, and agrees with the views and statements set out in the report.

R. S. GALBRAITH,
Commissioner of Crown Lands.

The Under-Secretary for Lands, Wellington.

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